

**AN APPRAISAL OF THE
FORMULATION AND IMPLEMENTATION
OF THE DISTRICT CREDIT PLAN IN
KOTTAYAM DISTRICT.**



BY

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THESIS

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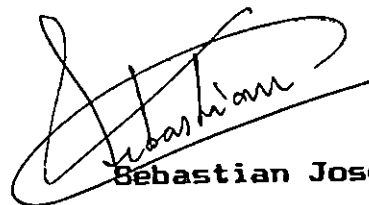
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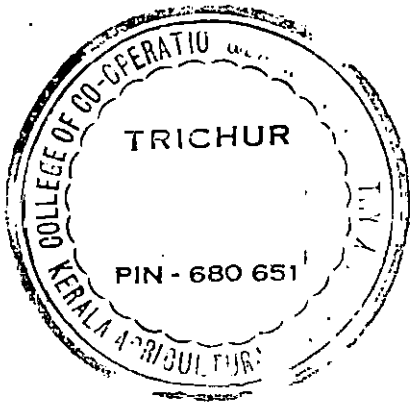
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TABLE OF CONTENTS

IF.

I.	THE DISTRICT CREDIT PLAN: GENESIS AND FEATURES	
1.1	Genesis of the Lead Bank Scheme	1
1.2	Objectives and functions.	2
1.3.	Genesis of District Credit Plan.....	4
1.4.	Concept of Credit Plan.	5
1.5.	Objectives and functions of District Credit Plan.	6
1.6.	Statement of the problem.	8
1.7.	The Objectives of the study.	9
1.8.	Limitations of the study.	10
II.	REVIEW OF LITERATURE	11
III.	MATERIALS AND METHODS.	
3.1	Definition of terms and concepts.	19
3.2.	Data and Sampling Procedure.	19
3.3.	Statistical Tools used.	22
IV.	DISCUSSION AND FINDINGS	
	Appraisal of the process of formulation and Implementation of the District Credit Plan...	24
4.1.	Methodology suggested for the formulation and implementation of the III round of the District Credit Plan.	25
4.2.	Review of the methodologies followed for the formulation of the Third Round of District Credit Plan and the Annual Action Plans.	28
4.3.	Coordination between Banks and the development departments.	37
4.4.	Problems encountered in the preparation and implementation.	45

**Inter-bank Inter-sectorial and Inter-block
Disparities:**

4.5. Review of Annual Action Plans.	49
4.5.1. Review of Annual Action Plan 1983.	50
4.5.2. Review of Annual Action Plan 1984.	57
4.5.3. Review of Annual Action Plan 1985.	63
4.5.4. Review of Annual Action Plan 1986.	75
4.5.5. Review of Annual Action Plan 1987.	87
4.6. Appraisal of the performance under the III round of DCP and the AAPs.	96
V. SUMMARY OF FINDINGS AND CONCLUSION	106
BIBLIOGRAPHY	114
APPENDICES.	

LIST OF TABLES

Serial Number	Table Number	Title	Page Number
1.	4.1	Absentee Position in the DCC meetings.....	42
2.	4.2	Sectorwise target and achievement of all banks for the AAP 1983.	50
3.	4.3	Sector-wise distribution of the percentage of achievement to targets in respect of major bank groups under AAP 1983..	51
4.	4.4	Bank-wise Sector-wise distribution of the percentage of achievement to target under AAP 1983.	52
5.	4.5	Distribution of Banks by achievement percentage of achievement to target under different sectors for 1983.	53
6.	4.6	Sector-wise Distribution of the percentage of achievement to targets in respect of major bank groups under AAP 1984.....	58
7.	4.7	Bank-wise and Sector-wise distribution of the percentage of achievement to target for the year 1984.	59
8.	4.8	Sectorwise target & achievement of all banks for the AAP 1984.	60
9.	4.9	Distribution of banks by percentage of achievement under different sectors for 1984.	61
10.	4.10	Sector-wise achievement to targets set for AAP 1985.	63

11. 4.11 Sector-wise Distribution of the percentage of achievement to targets in respect of major bank groups under AAP 1985
12. 4.12 Bankwise performance to target rank under the AAP 1985.
13. 4.13 Distribution of banks by percentage of achievement to targets under different sectors for 1985.
14. 4.14 Bank-wise and Sector-wise distribution of the percentage of achievement to targets under AAP 1985.
15. 4.15 Sectorwise achievement to targets set under AAP 1985.
16. 4.16 Blockwise distribution of percentage of achievement to outlays for the year 1985.
17. 4.17 Sector-wise Distribution of the percentage of achievement to targets in respect of major bank groups under AAP 1986
18. 4.18 Bank-wise and Sector-wise Distribution of the percentage of achievement to targets under AAP 1986.
19. 4.19 Sector-wise achievement to targets of 1986 AAP.
20. 4.20 Distribution of banks by percentage of achievement under different sectors for 1986...
21. 4.21 Sector-wise Scheme-wise target and achievement for 1986.
22. 4.22 Block-wise distribution of the percentage of achievement to outlays for the year 1986...
23. 4.23 Sectorwise target and achievement of all banks for the AAP 1987.

24.	4.24	Sector-wise Distribution of the percentage of achievement to targets in respect of major bank groups under AAP 1987.	89
25.	4.25	Distribution of banks by percentage of achievement under different sectors for 1987..	90
26.	4.26	Bank-wise and Sector-wise distribution of the percentage of achievement to targets under AAP 1987.	91
27.	4.27	Sectorwise Schemewise achievement as on 30-9-87.	93
28.	4.28	Blockwise percentage of achievements to outlays for the year 1987.	95
29.	4.29	Sectorwise distribution of Targets and Achievement percentage during the period 1983-87	97
30.	4.30	Distribution of groups of banks according to achievement percentages during the period 1983-87.	98
31.	4.31	Bank Group-wise Achievement percentage in relation to Target in respect of Crop Loans for the period 1983-87.	98
32.	4.32	Group-wise Achievement percentage in relation to Targets in respect of secondary sector T.L. for the period 1983-87.	99
33.	4.33	Bank Group-wise Achievement percentage in relation to targets in respect of Service Sector Term Loans for the period 1983-87. ...	100
34.	4.34	Bank Group-wise Achievement percentage in relation to Targets in respect of Secondary sector Working Capital loans for the period 1983-87.	100

37. 4.37 Sector-wise Bank Group-wise average
performance Score.104

I	Interview Schedule	i - ii
II	Annual Action Plan 1983 - Progress report as on 31st Dec. 1983.	iii - iv
III	Annual Action Plan 1984 - Bank wise Sector wise Achievement as on 31-12-84.	v - vi
IV	Annual Action Plan 1985 - Bank wise Sector wise Achievement as on 31-12-85	vi - vii
V	Annual Action Plan 1986 - Bank wise Sector wise Achievement as on 31-12-86	viii - ix
VI	Annual Action Plan 1987 - Bank wise Sector wise Achievement as on 30-9-87	x - xii

CHAPTER I

THE DISTRICT CREDIT PLAN: GENESIS AND FEATURES

1.1 Genesis of the Lead Bank Scheme :-

Just after the introduction of social control on the commercial banks in 1968, the National Credit Council constituted a study group headed by late Dr. D.R.Gadgil in October 1968 for formulating the "Organisational Frame Work for the Implementation of Social Objectives". They highlighted the deficiencies and inadequacies found in the Indian Banking system and suggested suitable remedies. They identified the regional and area wise credit gaps and recommended the extension of adequate credit at reasonable rates to the neglected sectors and for the overall development of banking on the basis of local conditions.

The idea was to assign to each bank a district to act as a pace-setter, so that detailed plans for the development of credit and banking could be framed by them on the basis of local conditions. In pursuance of this approach it recommended that District Plans should be prepared for banking and credit, where all concerned elements should be brought together (both Development Departments and Financial Institutions). The group suggested that the District should be the unit within an area approach as most of the statistical data were available only at the district level. Further the Committee of Bankers(1969) appointed by RBI under F.K.F. Nariman to evolve a programme for ensuring the spread of

adequate banking facilities in the country also recommended that each bank should concentrate in certain districts and lead other banks in the area.

This also synchronized with the efforts to decentralise planning at the district level for which the Planning Commission issued detailed guidelines in 1969. Thus the concept of District Credit Plan assumed added significance in the context of district level planning. Accordingly, District Credit Plan (DCP) was thought of as a credit plan to support the District Development Plan. But unfortunately District planning could not be implemented immediately for want of appropriate planning machinery at the district level as well as the absence of a satisfactory data base. However, inspite of the lack of district level planning, the lead Bank scheme was launched all over the country by the end of 1969 through a circular issued by the RBI on 23rd December 1969.

1.2. Objectives and functions

The Lead Bank Scheme (LBS) was started with the primary aim of providing a framework for priority sector lending to Financial institutions in consonance with the development requirements of the District (RBI 1970 a). It was expected that it would strive towards narrowing the inter-regional disparities and promote even distribution of institutional finance in the area. Thus it would be a success only when there is a total development of the area.

The functions of the lead bank were the following : (RBI 1970 b).

- 1) To conduct surveys, to estimate credit gaps and to identify growth centres.
- 2) Survey for banking potential, deposit mobilisation expansions.
- 3) To establish District Consultative Committee for co-ordinating efforts of financing agencies and government authorities and to act as the convener.
- 4) To take up studies of small and marginal units in blocks or taluks with a view to formulate plans to be included in block and district plans.
- 5) To arrange regular review of credit plan implementation and prepare annual action plans in consultation with the standing committee of District Consultative Committee (DCC).
- 6) To formulate special schemes for the beneficiaries to be covered under 20 point programme in consultation with state agency.
- 7) To prepare District Credit Plan on the basis of existing and expected branch network and other related matters.

8) To ensure proper co-ordination in the implementation of special schemes such as IRDP, TRYSEM, etc.

With a view to monitoring the implementation of the lead bank scheme more closely and to ensure that the lead banks and other credit agencies are sufficiently involved in the development process RBI has appointed "Lead District Officers". Further, various forums have been formed to discuss issues relating to formulation, implementation and monitoring the implementation of DCP/AAP like (a) High Power Committee on Lead Bank Scheme (b) Regional Consultative Committee (c) State Level Consultative Committee (d) State Level Bankers Committee and State level Review Meeting and (e) District Consultative Committee. and (f) Standing Committee of DCC.

1.3. Genesis of DCP

The concept of planning at the district level for credit and banking development can be traced to the Gadgil Study Group's Report the Committee of Bankers Report and the guidelines issued by the Planning Commission for district level planning as already stated in paras one and two of Chapter I. The early lead bank survey reports prepared by the banks helped immensely the first phase of the LBS viz. Branch expansion by identifying growth centres. Despite this achievement, the main focus of the scheme viz., the liaison role of the lead bank and collective action by all the agencies, was no where evident even in 1973. Making

this observation, the Study Group on the Working of the Lead Bank Scheme in Gujarat and Maharashtra recommended speedy preparation of DCPs(1973), which were to act as the operational tool of the scheme and infuse energy into the deliberations of the DCC. On the basis of the study groups recommendations the RBI constituted a High Power Committee to oversee the functioning of the scheme on a continuing basis. With this the LBS entered into its second phase (1975 RBI).

1.4. Concept of Credit Plan

"The DCP is a development plan consisting of technically feasible and economically viable schemes which can be taken up for financing by financial institutions, within the existing or marginally strengthened framework of infrastructure and other facilities" (1975 RBI). It is an exercise indicating the lines on which credit can be extended in an area in a given period of time, on the basis of the anticipated demand for credit from existing or development induced economic institutions for bringing about an overall development of the district taking into account its natural endowments, the principal economic activities and their potential for development, current and proposed development projects, and felt needs of the people. Thus it would be comprehensive and integrated in the sense that the various schemes included in the plan would cover all the major sectors of the economy depending upon their natural linkages

(1975). It should specifically pinpoint those facilities whose absence will stand in the way of effective implementation of the plan, so that appropriate authorities can take immediate action to fill in the identified gaps.

The DCP in short should be a plan for each of the financial institutions in the area for allocating its available resources among the various types of borrowers in conformity with the priorities set forth in the five year plans. A DCP, therefore, can be regarded as the financial framework of the district development plan.

1.5. Objectives and functions of DCP

The broad objectives of the DCP are the following:

1. Removal of unemployment and under employment.
2. Promotion of Appreciable rise in the standard of living of the poorest sections of the people.
3. Provision of some of the basic needs to the people belonging to the poorest sections.

More specifically the DCP involves the following aspects of planning (1987 Mulmule):-

1. To make critical appraisal of the present level of development based on a through economic survey of the district with regard to their physio-geographical conditions and natural resources with reference to the pattern of agricultural and industrial activities.

2. To evolve the development strategies conducive to the growth of the economy of the district in the light of the resources endowment and growth potential assessed on the basis of the above survey.

3. to evolve technically feasible and economically viable bankable schemes covering all the sectors of the economy of the district which could be taken up for financing with immediate effect, within the frame work of the present availability of infrastructure facilities.

4. To integrate the bankable schemes envisaged under the District Development Plan.

5. To estimate the total financial requirements and the credit requirements in respect of all the schemes under the primary industries and tertiary sectors.

6. To estimate the availability of resources from different sources operating in the district.

7. To allocate the aggregate outlay of Credit Plan outlay to different financial institutions.

8. To remove the inter-sectoral and inter-regional disparities by proper allocation of credit, contributing towards integrated rural development.

9. To draw up the AAP for implementation in consultation with other banks based on the Annual phasing of credit plan by all the banks operating in the district.

1.6. Statement of the Problem

The main thrust of the LBS initially was to carry out impressionistic survey for identifying growth areas for banking infrastructure. Though it was tough and challenging, the commercial banks in a record time produced impressionistic survey reports, restructured their organisational setup, opened branches and commenced financing. They were able to set up various forums required and usher in an era of participatory planning.

In spite of certain bottlenecks that existed the LBs had to prepare the DCPs. The quality of the first round DCPs naturally was affected by the severe constraints faced by the LBs. Though the first round of DCPs varied from bank to bank with respect to quality, size, methodology and approach the second and third rounds of DCPs formulated were definitely more refined and methodologically more coherent than the earlier ones.

Many studies have been made for evaluating credit planning and regional imbalances at the national level in the post nationalization era of banking development. But similar studies have seldom been attempted for evaluating the DCP preparation and implementation at the district level or block level. It is increasingly felt that micro level studies at more disaggregate levels will go a long way in identifying the impediments in the operation of the scheme.

Hence, the present study has been undertaken at the district level with a view to quantifying the operational and institutional bottlenecks in the operation of the scheme.

The present study is mainly concerned with the various problems and issues involved in the formulation and implementation of the DCP at Kottayam district in Kerala. It will be of use in identifying the inadequacies and built-in constraints in the formulation and implementation of the DCP. Yet another aspect relates to identification of the block wise disparities in the implementation of the scheme which has so far not been examined, although it was what was aimed at through the DCP in essence.

1.7. The objectives of the study

Specifically the objectives of the study are :

1. To evaluate the process of formulation and implementation of the District Credit Plan.
2. To examine the comparative performance of the co-operative and commercial banks in implementing the District Credit Plan.
3. To assess the extent of co-ordination between the financial institutions and development departments of the district in formulating and implementing the scheme.
4. To assess the inter-bank, inter-sectoral and inter-block disparities in lending compared to the targets.

1.8. LIMITATIONS:

Though attempts were made to carry out the study for a period of 5 years, comparable data were available only for a period of 3 years viz. 1985, 1986, and 1987 for the block wise analysis. Since all the banks could not provide the comprehensive data required, some of the banks were excluded in certain years from the analysis. The study suffered certain short comings in as much as the officers who carried out the process of formulation and co-ordination could not be contacted in person due to change of office. As only branch wise figures alone available and some of the branches had their area of operation extending over more than one block, block-wise computation of figures was a major constraint. Yet, the identification of these problems itself throws much insight into the issues involved in the analysis of the performance of DCP.

CHAPTER II

REVIEW OF LITERATURE

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Dinker Rao. K [1979] has pointed out that the second round of the DCP had stood 'suspended in the air' in so far as their link with grass root plans ie. performance budgets of the commercial banks and co-operative banks are concerned. The banks have failed to give much importance to this plan prepared by the Lead bank due to the fact that the RBI has not given adequate stress to the importance of their implementation by the banks. He also indicated that the following problems are still existing (a) Problem of quantifying the supply and demand constraints. (b) Block level break up of data relating to the government schemes, and (c) arriving at the number of units which would require credit and estimating their credit needs. Further it was pointed out that even though Lead Bank or Standing Committee indicated the needs block wise or even branch wise, the credit institutions considered the shares for the district as a whole and allocated the same among their branches without considering the estimates of the Lead Bank or the standing committee. He also pointed out that where this did not happen, due to the absence of any institutional arrangement to plead for the deserving activities and needy blocks; the Block Credit Plan and the District Credit Plan have remained generally supply oriented.

Hemchand Jain [1980] in his study of the Jabalpur district found that the Lead Bank was able to make it possible for the banking sector to increase the disbursement of credit in the sphere of agricultural credit. It was also pointed out that the member banks were not very much serious about the DCP and the decisions taken in the DCC meetings, since the lead bank was taken as an advisory body. Further the banks were accountable for their action to their head offices.

George .K.M [1980] in his study of the DCP in Borsad Block has found that there was an absence of area planning at the grass root level taking into account the infrastructural facilities. It was also discovered that neither the financial penetration was adequate nor the distribution between banks satisfactory in the case of cottage industries, education and rural housing whereas for agriculture and allied activities it was fairly distributed.

The Kerala State Planning Board[1980] in their study of the first round of the DCP revealed that there were inter-institutional disparities in the implementation of the schemes. The study also showed that there were deviations in the scheme wise performance. Assistance to small scale Industry was only 41% of the target set whereas for the service sectors it was very much above the target. Further there was lack of adequate coverage of all the areas in the DCP.

The workshop on Formulation and Implementation of the District Credit Plan[1981] suggested that it would now be necessary to proceed taluka by taluka and organise regular business meetings between bank officials and planning and technical officers of the district, to identify what could be done and how the banks and the development departments could jointly work on formulation and implementation of specific schemes.

Mukundan .A.P[1982] in his paper "monitoring of Lead Bank Scheme" remarked that for the effective functioning of the scheme there should be monitoring at different phases of the implementation of the schemes. ie. monitoring of the policy so that it is acceptable to the implementing agency; monitoring of the planning so as to see that the DCP and AAPs are prepared in accordance with the guidelines; monitoring of the plans through the DCC, Standing committees and with the aid of data collected under the information system; monitoring of the Infrastructure, inputs and supporting services. monitoring of extension services as the banks very often do not have such facilities; monitoring of monitoring since the success of the scheme depends upon the "monitoring forums"

He also pointed out that the development department's role were not unequivocally spelt out in the plans ie., what they were supposed to do for the implementation of the credit plan. Further those in charge of the relevant areas often do not come to take part in the meetings like the DCC.

He also observed that there was an element of distortion in the figures supplied by the banks and that individual banks have little say in the matter of policies or procedures with regard to priority sector lending.

According to him even though the DCCs and Standing Committees are meeting more or less regularly the agenda notes are not self contained and objective enough to emulate proper discussions and arrive at definite conclusions. Even though the Preparation of agenda for these meetings is the Lead Bank Officer's work, the other participants should also suggest subjects for discussion, which is rarely done. Similarly the proceedings are not recorded correctly and the action points are not highlighted nor followed up.

Abudul Aziz [1983] in his study of the District Credit Plan in Meerut District found that even though specific guidelines were issued by the RBI to assess the credit needs of the weaker sections of the people of the area, many banks failed to do so. Further the DCP was in certain cases not sensitive and in other cases over sensitive to the changes in the cropping pattern of the area and it often did not cover the whole district economy.

Dinker Rao. K [1983] points out that even though one of the objectives of the third round is increasing the flow of credit to the priority sectors, weaker sections and the deficit areas, the lead banks have little to do in this connection as the branch licensing is the result of bargain-

ing between banks corporate considerations and local weights.

Joshi. M.K & et al[1984] in their study of the II round of the DCP in Haryana state found that the DCP made considerable impact on the different sectors of the economy by improving the living standards of the people through its income generating programmes. They have pointed out that the highest performance was in the case of the service sector in terms of achievement to targets set for lending. It was also pointed out that there was an element of bias in the financing of certain projects at the cost of certain other projects. Further there was lack of knowledge about one another's role in the case of the participants of the DCP. ie. the role of the financial Institutions and that of the development departments of the Government.

K.Seshaiah[1985] in his study of the Lead Bank Scheme in Andhra Pradesh pointed out that there was significant variation in the target and performance between sectors and districts. He also found that those districts which maintained highest position in agriculture in respect of target & achievement were able to maintain the lead position in total targets & performance of all the sectors taken together. It was also found that wide disparities existed between banks in the implementation of the credit plans. The percentage of achievement were lower in the case of those banks with higher targets and impressive in respect of

those banks with lower targets. The study also revealed that there was lack of co-ordination among various agencies involved in the formulation & implementation of the scheme in (i) identification of beneficiaries and schemes (ii) Delay in sanctioning the subsidies and margin money (iii) the supply of information (iv) Follow up action on loans.(v)provision of infrastructure facilities and (vi) recovery of loans.

D'Mello[1985] suggested that action plans should be prepared individually for all the blocks on the basis of (a) the schemes applicable in general to all the blocks based on indepth studies of representative blocks. (b) schemes suitable to the needs of special activities peculiar to certain blocks and urban centres; and (c)schemes undertaken by specialised institutions.

The Conference of Chiefs of Lead Banks [1986] held at NIBM observed that while planning and implementing activities, varying time frames were adopted by different institutions involved in developmental activities causing serious bottlenecks in their planning and implementation. They were of the opinion that this issue could be resolved if the concerned institutions/Agencies prepare their plans with quarter wise break up. They also noted the absence of guidelines from the RBI for estimating credit demand for various activities as one of the major gaps in the DCP formulation. Regarding monitoring it was felt that a focal point officer, at a senior level should be appointed by the

Government responsible for planning, implementing and monitoring the entire non credit components ie. infrastructure facilities necessary for the success of the schemes.

Prasad .A.B[1987] in his study of the Lead Bank Scheme in Muzaffarpur district Bihar points out that through the scheme the deposits of the banks have increased substantially. It was noticed that the percentage of achievement in SSI sectors and other priority sectors was commendable. This was especially true for the nationalised banks. It was also found that lack of perception of the scheme, the varying responses of the participating banks and the programmatic approach (ie., based on certain predetermined programmes which had to be done whether it is suitable to the area or not, just because it is identified at the national level) to area planning had gone to make the DCPs not come to the expected levels. It was also found that there was wide disparities in achieving the targets under the DCP for different banks.

Khankhoji. D.P[1987] in his study of the DCPs points out that there was no uniform methodology existing for estimating credit demand for various activities other than crop loans. This has lead to over achievement in the targets set under certain sectors. He found that the role of the Government departments in the DCP formulation was confined to provision of data only instead of joining hands with the lead banks in identifying the critical constraints

and quantifying the potential volume of activities.

All the above cited studies point to the fact that the implementation of the DCP at the State level were not as expected of them. It was seen that often the targets were fixed based on guess estimates. It was also seen that there was high degree of variation between the districts, sectors and schemes in the performance under the scheme. But it could be seen that no study had been made at the district level to see how far the inter-block disparities exist in the implementation of the DCP/AAP, even though they are mainly meant to identify credit gaps in the blocks and take measures for an equitable development of each of the blocks.

Materials and Methods

CHAPTER III

MATERIALS AND METHODS

3.1. Definition of terms and concepts:-

- a. **Lead bank :** The Lead Bank is the commercial bank which is designated as the lead bank for a district by RBI. In the present study of District Credit Plan in Kottayam District, by Lead Bank we mean the State Bank of Travancore which is the lead bank designated for the Kottayam District.
- b. **Financial Institutions :** In the study the term 'Financial Institutions' refer to commercial banks, and the co-operative banks.
- c. **District Credit Plan :** It refers to the credit plan prepared by the lead bank for the Kottayam District and approved in the District Consultative Committee.
- d. **Annual Action Plan:** It is the Annual Plan prepared by the lead bank as per the directives of the RBI enlisting the programmes to be taken up during the year.
- e. **Other Public Sector Banks:** It refers to the nationalised banks in the district other than the lead bank (SBT) and the State Bank of India.

3.2. Data and sampling procedure:-

Both Primary and secondary data were collected from (a) the lead bank, (b) the District Coordinators of the various

financial institutions and (c) the branches of some of the financial institutions participating in the implementation of the DCP. The secondary data relating to the targets and achievements under the DCP and AAPs, were collected from the records of the lead bank. As block wise data relating to advances were not available from the lead bank, branch wise data relating to the advances were collected from the quarterly returns maintained by the District coordinators. Where the district coordinators do not have complete data these were collected from individual branches of the banks concerned. As the proceedings of the DCC and the standing Committees provide details about interaction between the financial institutions and development departments their minutes for the study period was collected for the analysis. As this was the only authentic evidence available for assessing the extent of co-ordination between financing institutions and development departments.

For the purpose of data collection and analysis the banks were stratified into five groups; Viz.the State Bank of Travancore (SBT), The State Bank of India (SBI), Other Public Sector banks (OPSBs), The Private Sector banks (Pvt. S.Bs) and the Co-operative sector banks. The SBT was taken separately as it was the lead bank of the district and had the largest number of branches. As SBI had the maximum facilities and infrastructure for priority sector advances, it was also taken separately. The other Public sector banks were taken together. Similarly the private sector banks were

also grouped together for convenience. As the second objective requires a comparison of the performance of the Co-operatives and the Commercial banks, the co-operative banks have been taken as a separate stratum.

In order to assess the degree of co-ordination between banks and development departments and the nature of constraints confronted by the banks, the district coordinators were interviewed by using a pretested interview schedule. Out of the 25 Coordinators 8 samples were selected from among the five groups of banks. The SBI and SBT were straight away selected as these two groups had only one bank each. From the two Co-operative banks the Kottayam District Co-operative Bank was selected as it gave both short term (S.T) and long term loans (L.T). Besides three banks from the Other Public Sector banks and 2 Private sector banks were also selected at random ensuring that at least a ten percent representation was there from each strata. The three Public Sector banks were the Central Bank of India, Canara Bank and the Corporation Bank. From the private sector banks the Lord Krishna Bank and the Federal Bank were selected. The schedule used for the interview is given in Appendix I.

Apart from the group wise analysis, the performance of the individual banks were also examined to see the intra group variations in the performance of the various groups, but data relating to block wise achievements were available only for a period of three years from 1985 to 1987.

3.3 Statistical tools used:

1. For analysis of the data the following techniques were employed. The achievements in respect of banks, sectors and blocks were assessed in terms of percentages of achievement to targets.

2. Correlation Coefficient and regression analysis were employed to test whether the performance of the previous year in relation to the target had influenced the target for the succeeding year as claimed by the banks during the time of interview. This was done by adopting the following procedure. The index of achievement to targets of the previous year was correlated with the index of the succeeding years targets over that of the previous year. These two variables were regressed to see to what extent the performance of the previous year affected the targets fixed in the succeeding year. Spearman's Rank Correlation was employed to further examine whether the targets and the percentage of achievement has any significant relationship.

3. Coefficient of variation has been used to examine the extent of consistency in the performance under AAPs and DCP with regard to bank wise, year wise, sector wise performance and block wise performance.

4. Scoring technique was used for ranking the perform-

ance of the five groups of banks under the different sectors. The bank that had cent percent achievement was given a score of one and those having lesser than 100% achievement a score less than one based on the percentage of achievement. The scores were worked out for each of the sectors for all the years and the average score was taken for comparison of performance.

Results and Discussion

CHAPTER IV .

DISCUSSION & FINDINGS

APPRAISAL OF THE PROCESS OF FORMULATION & IMPLEMENTATION OF THE DISTRICT CREDIT PLAN:-

One of the functions of the lead bank was to prepare the District Credit Plan (DCP) and Annual Action Plans (AAP). Initially RBI had advised the Lead Banks to prepare District Credit plans for the Lead Districts through its circular dated Dec. 23rd, 1969. The revised guidelines for preparing the credit plan was issued in 1973. (Mulmule 1985) Later RBI directed the lead banks in 1978 to formulate fresh DCP's for the period January 1980 to December 1982 and AAP plan for each year. (SBT 1987) The guidelines were further revised and the banks were advised to prepare the third round of DCP covering the period January 1983 to March 1985 making it co-terminus with VI Five Year Plan period in February 1982. However, in pursuance of the recommendations of the Sharma Committee appointed by the RBI it was decided that AAP for 1984 should be prepared for the calendar year. In the above circumstances the DCP was terminated by December '84. In August 1984, RBI by its circular No. RPCD No LBS 80/1-84 advised the lead banks to prepare AAP 1985 as per a fresh set of guidelines and the 3rd round of guidelines issued (Frasad Singh 1985). Again in September 1985, the RBI by its circular No. RPCD(T) No. LBS Gen 239/65A/84 dated 28th Sept. 1985 asked the lead banks to prepare AAP 1986 broadly on the existing pattern pending finalization of the guide-

lines for the preparation of the fourth round of DCP. As the guidelines were not ready even by October 1986 RBI directed the lead banks to prepare AAP for 1987 also. Thus for the three years 1985 to '87 only AAPs were prepared without the formulation of a DCP. What the RBI did was to issue certain directives from time to time from its Rural Planning and Credit Department for the preparation of AAPs.

4.1. Methodology suggested for Formulation & Implementation of the Third Round of District Credit Plan.

The Methodology for preparing the DCP had been specified in the guidelines for the third round of DCP issued by the Rural Banking and Credit cell of RBI in 1982 (RBI 1982). It involved the following stages:

1. The primary task in the preparation of the DCP was to prepare a detailed block profile. It was to present the existing position of various socioeconomic parameters, indicating present level of economic development in agriculture and allied activities, industries, infrastructure, etc. The data in respect of these items were to be had from the office of the Block and Zilla Parishads. The information thus obtained had to be discussed with the officials of various Development Departments at these levels and the officials of the state level schemes, in order to understand the problems and potentialities of the people and the area in the district.

2. The second stage is a review of the implementation of the previous rounds of credit plans and AAPs. This had to be done with regard to certain specific schemes, in detail, so that the impediments to their implementation can be assessed and corrective action taken. It was also to highlight successful schemes and the special efforts made for them (SBT 1988).

3. The next stage is to identify those schemes which are to be taken up in the district under the Five Year Plans, with institutional credit in different sub sectors. The relevant data need to be obtained from the government departments so that the extent of credit assistance needed can be worked out. This had to be supplemented by the data collected from the block authorities so that the programs proposed were related to the specific geographical areas for the purpose of effecting block wise allocation and directing governments efforts for providing supporting services.

4. Collection of the block wise break-up of physical targets under the special programs like IRDP, DRI, Special programs for SC/ST.

5. The information regarding infrastructure facilities and the programs already completed need to be collected in order to identify areas suitable for formulation of schemes and for linking Government programs for providing infrastructure. The responsibility of different departments

and agencies for providing the required facilities were also to be identified.

6. The technically feasible and economically viable schemes for financial assistance from banks have to be evaluated for bankability. For this the criteria adopted by NABARD for the schemes refinanced by it had to be followed.

7. An assessment of the manpower resources of the financing institutions are to be worked out by collecting data from the participating agencies. Any assistance assumed from the Government in this respect needed to be specially mentioned.

8. Deciding the responsibilities of different agencies for the implementation of the programme is the final step. It should also give a pointer as to the results expected through the implementation of DCP and AAP in terms of additional production and employment opportunities.

Broadly three main criteria were to be followed for deciding the sector wise, scheme wise and bank wise allocation of credit in different blocks in the district.

1. The resource position of the financial institutions in the District.
2. Potentials for development of the area, and

3. Fast performance of the financial institutions in respect of blockwise sectorwise and bankwise achievement.

These three objectives seen in the context of District Development Plan should form the basis for the preparation of the DCP and the AAP of the district.

4.2. Review of the Methodologies followed for the Formulation of Third Round of DCP & AAPs.

Although the RBI had prescribed specific methodology for the preparation of the third round of the DCP, there had been significant differences and deviations in the methodology adopted by the different LBs. This was highlighted by O.R. Krishnaswami in his study of the LBS in Andhra Pradesh. A similar but a more comprehensive attempt has been made in the present study to review the methodology actually adopted by the Lead Bank for the formulation of the third round of DCP and AAP in the Kottayam District in order to examine the degree of deviations from the suggested methodology.

The first part of the guidelines was more or less followed as the DCP document was able to indicate the present level of economic development in agriculture and allied activities, industries, infrastructure etc. This was based on the figures and data provided by the various devel-

opment departments in the district. The lead bank could not undertake any survey for want of adequate staff. For instance. LB section at the Zonal office of the State Bank of Travancore. had only an additional officer and a typist/clerk to assist the Lead Bank officer. It may be noted that the potentialities of the district in terms of credit requirement were worked out purely based on the discussions held at the meeting of the District Consultative Committee(DCC) without the assistance of any actual field level studies or feasibility studies.

Although the guidelines required that the DCP should be based on the potentialities of the area, in reality it was found to be based on the schemes already identified and prepared by agencies like NABARD, DIC, etc. The credit requirements for them were also fixed uniformly irrespective of the specific requirements of the area. For example in the case of Crop loans, the scale of finance prescribed by the NABARD was accepted for all crops irrespective of the requirements of the particular area concerned.

The review of the earlier DCP and AAPs were conducted as per the directions of the guidelines to certain extent. It was found that although the targets were given blockwise and scheme wise for all the banks, the achievements were assessed only bankwise and scheme wise. This was a serious limitation of the review done by the lead bank. As a result.

it failed to show block-wise progress made by the banks in filling the credit gap. This evaluation only shows the extent to which the targets for each of the banks have been fulfilled for the district as a whole. Since the targets were prepared bankwise, blockwise, and scheme wise, the evaluation of its progress has also to be on the same basis if the exercise of credit planning at the block level is to be assessed satisfactorily. This alone could bring out the regional imbalances that were existing in the loaning pattern of the financial institutions, because given the overall targets, it is possible that the same bank may over finance in one block while under financing in another. Therefore even if the overall performance of the bank was seen to be satisfactory, there may be serious sectoral and inter block imbalances which may be concealed by the present process of evaluation based on bankwise performances only. This fear was confirmed when a blockwise and sectorwise analysis was made (see section 4.5). Thus the review of the lead bank did not serve the purpose of identification of inter-block disparities in the deployment of credit for initiating necessary corrective measures.

The guidelines for the preparation of AAP 1985 had required that the outlays for municipal corporation areas forming part of the district should be shown separately in the plans. It has also required that while monitoring the implementation of the AAP the targets set for the outlying

rural branches are achieved and that over achievement by banks within Municipal Corporation areas were not utilized to make up for lower performance of other branches of a bank. But it was seen that this was also not carried out by the lead bank.

The DCP was originally recommended by the Gadgil Group in the context of introduction of District Level planning envisaged to be implemented from 1969. Conceptually DCP was destined to be the plan for provision of credit for the implementation of the development plan formulated under the District Plan. But due to the non-existence of appropriate District level planning machinery and district level Statistics, district level planning did not materialise. This was a major built-in-constraint within which the DCP had to be operationalised. This structural weakness of the DCP has to be borne in mind while making any meaningful evaluation of its working.

In the absence of a District Development plan for the district, the details about development plans are to be collected from various development departments in the district. Even though the AAPs had to be prepared and launched at the beginning of the calendar year, the budgetary provisions and plan allocations for the year were made public only by the end of the preceding financial year. To tide over this difficulty the Working Group on Lead Bank Scheme had recommended (vide para 3.12 of its report)

certain requirements in the DCF/AAP (RBI 1979). It had recommended that the various activities to be financed under priority sector should be shown in two separate categories as: -

i. On going schemes/programs for which necessary infrastructure, inputs etc., are available and only credit in relation to physical programmes was to be provided.

ii. Other programmes.

Details such as the physical programme, economic size of the unit, unit cost and related particulars (economics of the scheme/programme) and the areas within the district where such activities are to be undertaken will have to be indicated in respect of all activities forming part of the programmes in (i) and (ii) above. In regard to the latter type of programmes, it was necessary to indicate in the AAP document, the infrastructure facilities, extension services, inputs, marketing facilities needed for successful implementation etc. Even though this was included in the guidelines issued for the preparation of the AAP 1985 this was not seen to be adhered to by the lead bank.

In order to assess the resource availability from banks, the lead bank should have data relating to the business budget of each bank in advance. But these were not available to the bank due to different reasons. While the budgeting system of banks were based on growth of

outstandings. DCF and AAF related to annual credit disbursements. Often when the DCF/AAF's were prepared, these data were not readily available with the banks. Even those banks which had these data, were hesitant to part with the actual figures. Although the guidelines have stipulated that the banks should dovetail their performance budgets with the AAPs prepared by the Lead Bank, this was seen to be a difficult proposition. The problem was that some of the banks do not have the required staff nor the authority to make adjustments based on the DCF/AAP. This was pointed out by some of the banks in the 53rd meeting of the DCC held in March 1986. The performance budgets for these banks were prepared by the Regional/divisional offices. However the lead bank had developed a ready made formula for this in the Kottayam district.

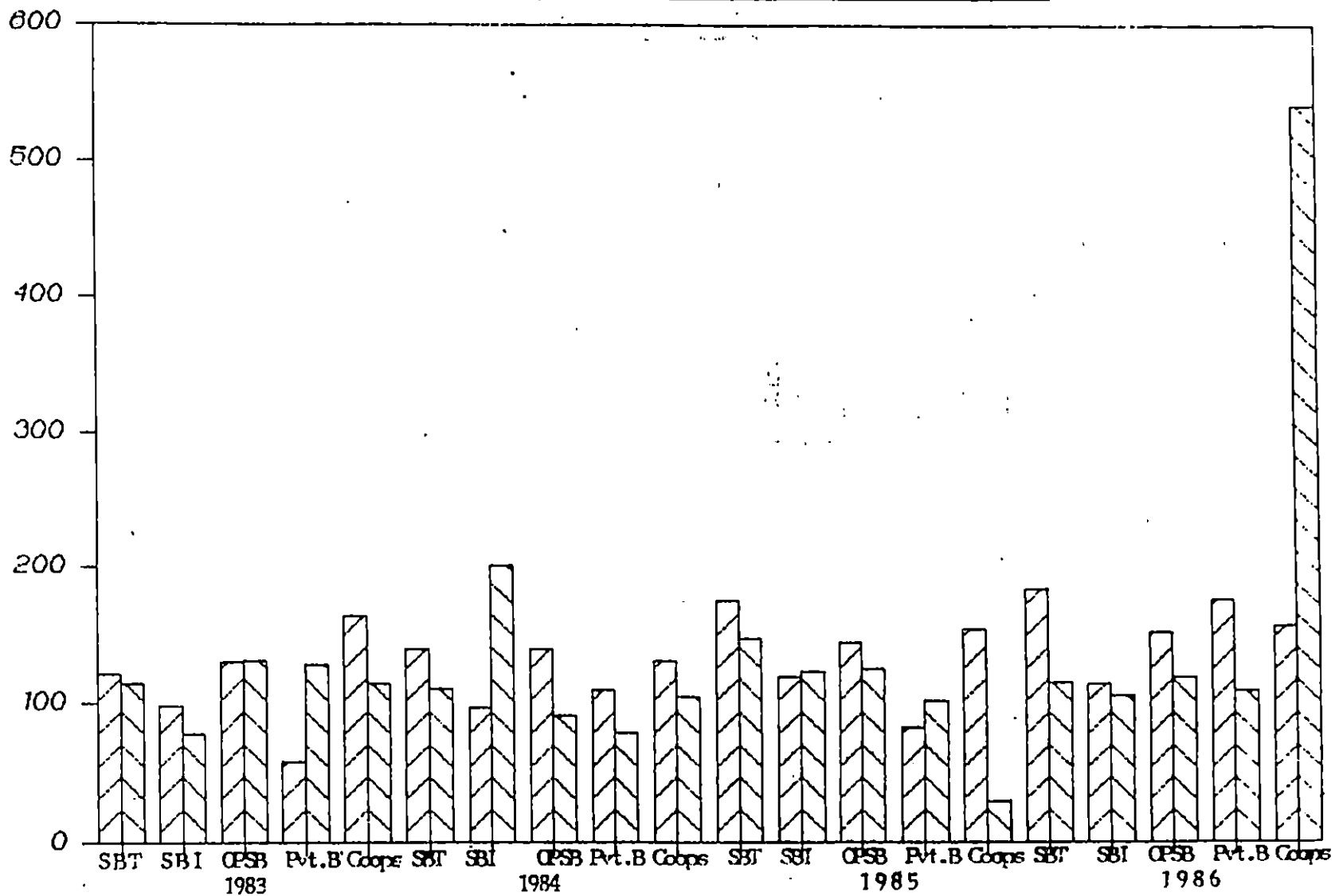
Some of these problems could be overcome to a great extent if the lead bank had adequate number of personnel with necessary skills to collect and make use of necessary data. In this context it may be pointed out that the RBI has not stipulated any minimum staff strength for the lead bank. In the Kottayam district it is under staffed with one Lead Bank Officer, one additional officer, and a clerk cum typist. This has made the whole exercise of planning mostly a collection of arbitrary or hypothetical estimates from other banks, and collating them into a district level estimate.


An Interview of the Lead Bank Officer and the District Co-ordinators were done with the help of a pre-structured schedule. All the banks have reported that the main criterion followed by them was past performance under the AAPs for fixing the targets for the successive years. This was true especially for those schemes which do not have a subsidy component. It was pointed by the Co-operatives that they increased the targets based on performance of the last 3 years plus an increase of 20% of the average. In the case of the private sector banks past performance together with the opinion of the branch manager was the criteria followed for fixing the targets. The public sector banks went mostly by the past performance and deposit position of the bank in the previous year.


The effect of past performance on the fixation of the targets for the succeeding year was tested using correlation coefficient and regression analysis for the five groups of banks and for the different sectors (see Appendix VI).

It was seen that except for SBT all groups of banks had an insignificant coefficient of correlation. Even in their case it was not a best fit as the regression coefficient was insignificant. This goes to invalidate the claim of the banks regarding past performance being the main criteria for fixation of targets for the succeeding year. This is clear from the graph depicting the percentage of achievement of the previous year and the percentage growth in targets of

GRAPH (4-1 a)
BANK GROUP-WISE GROWTH IN TARGET TO PAST PERFORMANCE.

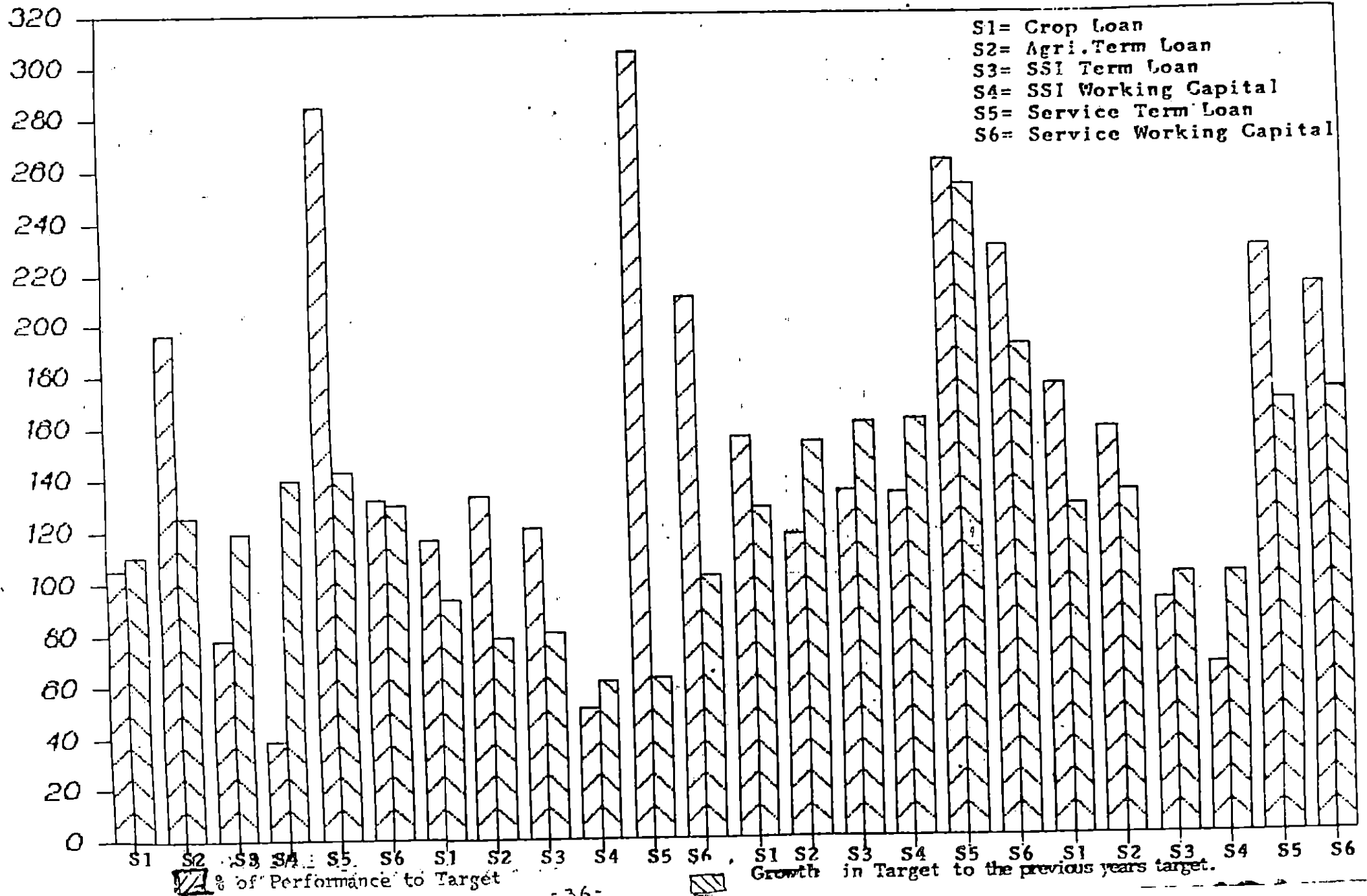


 %age of achievement

 Growth in target

GRAPH (4-1 b)

SECTOR-WISE GROWTH IN TARGET TO PAST PERFORMANCE.



the succeeding year (see graph 4-1 a & b).

4.3. Co-ordination between Banks and the Development Departments.

Data collected from the Lead Bank Officer and the District Co-ordinators with the help of a structured schedule during the interview was employed for the analysis of this section. The extent of co-ordination between the financial institutions and development departments were assessed from the minutes of the DCC meeting, Standing Committee of the DCC and the Block level Consultative Committee meetings. In general the following observations were made in these meetings (1988).

1. The poverty alleviation schemes and other developmental schemes are extremely good in principle, but the desired level of success is not achieved due to less than optimum effectiveness in implementation.

2. The paucity of power and consequent delay in granting fresh electrical connection for new units under SSI and Agriculture had slowed down the pace of development of the district.

3. Representatives of sponsoring agencies under government sponsored loan programmes should be in regular touch with the banks. In the case of IRDP, the VEO is in contact with the branch managers frequently. However, for the other sponsoring agencies like DIC(for SEEUY), District Employment officer (for Kerala Self Employment Programme).

Kerala State Artisans Development Corporation for SC/ST, the infrastructure is very poor. As a result of this, very little follow up was seen to be attempted by these agencies in respect of the units sponsored by them for financing. It was pointed out by all the banks covered by the scheme that often the responsibility of the development departments were limited only to sponsoring applicants for loans. They had suggested that for proper functioning, regular and joint inspection by banks and sponsoring agencies must be made compulsory. It may be noted in this connection that the joint inspections held by the lead bank and the DIC in respect of SEEUY was seen to be very effective (Mohandas and Rajan Nair, 1989).

A study of the Lead Bank entitled "Recovery of Priority sector loans support from government machinery and effectiveness of Revenue recovery proceedings for recovery of bank dues" (SBT, 1988) has also endorsed these observations of the banks. It has also pointed out that the co-operation received from the block officials for IRDP recovery was satisfactory, but in the case of SEEUY scheme the inadequacy of infrastructure of the sponsoring agency (DIC) at the Block level stood in the way of follow up at regular intervals. Here the lack of co-ordination was due to the absence of adequate infrastructure facilities and personnel both for the banks and the DIC.

In the preparation of the DCP, the lead bank had

collected information regarding the ongoing programmes in the district and those proposed for the rest of the Sixth Five Year Plan from the district authorities. But it was found that no detailed analysis was made to see whether the programmes proposed are related to the specific needs of the different spatial units or not. Often the targets were fixed based on the targets given by the DRDA and the DIC for the blocks with respect to the various programmes that are ongoing or proposed to be implemented in the district and for which subsidy was available. What the lead bank had done was just to allocate the uniform targets that were given for the block by the District authorities for each of the financial institutions in the block based on their potentialities for providing credit. Here no consideration had been given to the potentialities of the block in allocating the targets for different schemes. This arbitrariness in fixing the targets for the block was very much evident in the case of IRD Programmes. This was also true in the case of fixing the shares for various categories like the SC and ST. It was often pointed out in the DCC meetings that the banks could not achieve the targets given to them due to the fact that the necessary number of beneficiaries could not be identified in the area; especially of the SC and ST category. Often the applications forwarded by DRDA & DIC to the financial institutions were found to be not suitable for financing. For instance the District coordinators of SBI and the Public sector banks had pointed out that some of the cases referred to them were not viable

and they complained that they did not get enough viable proposals for financing. Further, frequent changes in the targets fixed for the various schemes made from time to time by the government agencies have also made the exercise of fixing realistic targets difficult. This was also found to be true in the case of IRDP and Self Employment Programme for Educated Unemployed Youth (SEEUY). It was pointed out in the 51st meeting of the DCC held on 23rd Sept., 1985 that the number of beneficiaries to be financed during 1985 were obtained only in September 1985.

The lack of co-ordination between development departments and the financing institutions may be seen from the fact that even though the responsibility of identifying beneficiaries under the special programmes like IRDP, 20 Point Programme, DRI Schemes, and Special Programmes for SC/ST etc., have been vested with the developmental agencies in the district, banks were rarely associated with the selection process. While the selection of beneficiaries is the prerogative of the development departments, financing is to be done by the banks who are not normally involved in this selection process. This issue was raised by the financial institutions at the 54th DCC meeting held on 27th June 1986 and the Standing Committee Meeting held on 16th June 1986.

The participating banks had complained that, very often the beneficiaries identified by the development departments

were seen to lack the necessary credit worthiness. It was also found that the schemes identified for many of them were not viable either due to the unsuitability of the scheme to the beneficiary or due to area specific constraints involved. For example it was pointed out in the 52nd DCC meeting that most of the beneficiaries under the IRDP scheme were given assistance for dairymen, opening bunk shops or for opening tailoring shops. The District coordinators of some of the Private Sector Banks and Co-operatives therefore felt that some of the areas did not have any more potential for undertaking any of these trades in a viable manner. This has been confirmed by some of the studies made by the lead bank and some of the individual banks. (SBT 1987). Still these schemes were put forward for financing by the development departments.

The DCC was a forum constituted as per the guidelines of the RBI. It was to meet quarterly for evolving methods for exchange of information between banks about intending borrowers and lending to priority sectors in the district. Its duties included identification of bankable schemes, and acting as a clearing house for discussing problems in financing priority sectors. The minutes of the DCC showed that these meetings were held regularly as per the guideline. but it was seen that some of the members of the meeting were regularly absent. It was seen that 10 DCC meetings and 4 Special DCC meetings had taken place during the period September 1985 to December 1987. The absentee

position can be seen from the table 4 (1).

Table 4(1) Absentee Position in the DCC meetings.

Name of the institution	No of meeting not attended.
United India Insurance	6
Farur Central Bank	4
Deputy Director Animal Husbandry	4
Kerala State Development Corporation for SC/ST	3
State Bank of India (Bank of Cochin)	2
Assistant Development Commissioner	2
Kerala State Electricity Board	2
Planning & Economic Affairs Deptt.	2
General Insurance Corporation	2
District Collector	1
NABARD	1
Bank of India	1
District Co-operative Bank	1
Principal Agriculture Officer	1
District Industries Centre	1
District Employment Officer	1
Kerala Agriculture Development Bank	1

The guidelines had prescribed the setting up of a standing Committee of DCC consisting of District Collector, Lead Bank Officer, Chief Executive of DRDA, two members of leading and non leading banks, Lead Development Officer of

RBI, General Manager of the DIC, District Co-operative Bank, Agricultural Development Bank and representative of NABARD, to discuss various issues relating to formulation and Implementation of the DCF and AAF. In the case of Kottayam district this committee used to meet only once in a quarter even though they were supposed to meet every month. This was pointed out in the 57th DCC meeting held on 27-3-1987 by the Lead District Officer of the RBI. It was seen from the minutes of the Standing Committee that during the period July, 1985 to August 1987 only 10 such meetings were held. In all these meetings the RBI representative was not present even though he is an integral part of this committee. The other absentees were NABARD which failed to attend 3 of the above meetings and Federal Bank twice. Although the chief executive of the DRDA and DIC and the collector are to participate in the above said meetings, the minutes of most of the meetings show that often their representatives alone had taken part in the meeting. This had made the decision making process prolonged. This was also one of the reasons for the lack of coordination between the financial institutions and the development departments of the government in the district.

The Block level Consultative Committee (BCC) is a forum specially constituted by the Government of Kerala for bringing about better co-ordination between the financial institutions of the district and development departments in formulating and implementing the government sponsored

programmes like IRDP, and Self Employment Scheme for educated Unemployed Youth (SUEEY). This meeting was to be convened every month from October 1985 for reviewing the progress in the block. The minutes of the B.C.C. has shown that this was functioning as a very good forum in which many of the local problems in lending were effectively discussed. Further the presence of Revenue authorities also at the meeting, enabled the banks to discuss their long outstanding revenue recovery cases with them. But it was seen that even though the said forum was to meet every month, this seldom was the case. Some of the blocks had only 5 or 6 meetings during the year 1987. It was pointed out in the special DCC meeting held on 3-11-87 and the 60th DCC meeting that many of the banks were not attending the BLCC meeting. The Lead Bank Officer had time and again requested for the regular conduct of this meeting and prompt attendance as could be seen from the letter No. LBO/K/1248 sent by the Lead Bank Officer to the District Co-ordinators on 21-12-87.

The recent move to extend the provisions of the Kerala Revenue Recovery Act to cover bank loan recovery was a positive action for bringing about better co-ordination between development agencies and banks in the district. Although this step of the government was laudable no addition to the infrastructure facilities were provided for dealing with the increased work to the department arising from the above decision. This was pointed out in the Standing Committee of the DCC held on 26th August 1986. They

had suggested that the recovery position be studied in the BLCC Committee and recovery camps be conducted under the supervision of DRDA.

4.4. Problems encountered in the Preparation & Implementation.

The preparation of the DCP and AAP for each district is to be achieved by the aggregation of Block Plan prepared for each Block. The preparation of these blockwise Perspective Plans required primarily, data on the existing socio-economic environment of the individual blocks such as population, land distribution, major activities of the area, credit demand, availability of credit, skills of labourers etc. Secondly it will also be necessary to take into account the market for additional goods/services and infrastructure facilities available. Here the main problem was the absence of such data at the block level. Where community development blocks and taluks cover the same area, taluk level data could be used. But the Lead Bank Officer had pointed out that it was not feasible in most of the blocks. Hence the block level statistics on the area under each crop, distribution of rural, cottage and household industries etc., were not available. This could be had only through a survey covering all the blocks. But the lead bank did not undertake such an exercise due to lack of personnel.

The returns under the Lead Bank Scheme, which have been

employed for reviewing the achievements under the DCP/AAF, submitted by the District Co-ordinators to the lead bank do not contain blockwise figures. Therefore there is no mechanism for the lead bank to get any data relating to blockwise disbursements or outstanding. Even though the District co-ordinators are collecting these details from each branch in LBS-3 returns, the District co-ordinators need submit their returns in schedule LBS-4 which did not prescribe block-wise figures. This can be resolved by asking the District co-ordinators to submit the blockwise disbursements. This is very much important for planning and monitoring the blockwise targets for the coming years.

Preparation of banking plan for schemes like IRDP and Self Employment Programme for Educated Unemployed Youth (SEEUY) was another major problem. At least conceptually, each unit to be financed under these programmes have to be viewed as micro projects and should be included in the plan only after they pass the test of viability and bankability. But since the physical targets are fixed in case of each district and there is dearth of viable activities which can be financed successfully, it becomes difficult for the person preparing the plan to find the necessary number of viable schemes. Naturally the provision made for these schemes happened to be arbitrary or hypothetical without much relation with actual requirements. This was discussed in the 59th meeting of DCC meeting, where it was pointed out that the 2nd dose of IRDP finance could not be given as the

number of eligible persons were below the target.

Yet another problem was the lack of proper appreciation of the need for Credit Planning by the officials of Development Departments. Given the obsession with the achievement of financial targets, most of these officials, viewed the entire Lead Bank Scheme as a method of allocation of shares under different government sponsored programmes among various financial institutions. They were viewing achievement only from the point of view of the physical targets in respect of the number of beneficiaries and the amount lent. But the quality of lending was very seldom considered. Further, the applications received by banks were seldom evaluated with regard to their viability in the proposed area. They only considered the viability of the scheme in general without caring whether the particular scheme would be viable for the applicant under the given socio-economic environment. Moreover, these development agencies did not have the required staff to undertake a case by case analysis of their viability. The need for strengthening of field staff of banks and government departments was stressed in the Standing Committee meeting held on 28-10-1986. It had also suggested the formation of a Beneficiary Committee as was done by SBI. But the banks were found to have not accepted this suggestion as no such forum was constituted.

Another concrete case bringing out the lack of coordination and planning was the frequent changes in the number

and the amount of allocation of the sponsored programmes. Often the changes had to be incorporated into the AAP in the midst of the implementation phase. This had led to hasty reallocation of available credit to the other sectors and activities. This was time and again pointed out in the 51st, 54th, 57th, 59th, and 60th DCC meeting and the Special DCC meeting held on February 1987. Here the lead bank is helpless in as much as they were forced to reallocate the shares at the instructions from the government. Further, it was also pointed out by the Lead Bank Officer that the data provided by banks and the developmental agencies were themselves estimates and not based on exact figures. This naturally made the DCP/AAPs to be more of 'guesstimates' rather than realistic estimates.

In conclusion it could be said that the major problem in the preparation & implementation of the DCP and AAP was the absence of a District Development plan for the district. In its absence most of the schemes and programmes were based on rough estimates. Naturally, most of these estimates turned out to be unrealistic and the DCP and the AAP prepared out of this suffer from this inherent weakness. A better appreciation of the rationale of the DCP from the development departments could be derived only if a decentralized system of planning at the district or block level is introduced. Probably the current efforts for initiation of district level planning may be very much helpful in this respect.

4.5. INTERBANK INTERSECTORAL AND INTER BLOCK DISPARITIES

Review of Annual Action Plans

The AAP represents the banking plan for the district with special emphasis on the credit outlays required for different areas in the district for different activities. The requirement for credit in a district may not necessarily match their credit availability in the district. Hence efforts are taken to study the financial resources available with the banks in the district and make best use of available funds for meeting the credit requirements, and for optimising the economic growth in the district. The AAP of the district is to be prepared after considering factors like priority of activities, infrastructure facilities and the degree of innovative urge of the public. It is thus expected to specify the right quantity of credit required to be channelised to the right kind of activities in the right locations in the district. Such a plan drawn up after taking an overall view of the resources and requirements of the district should form the basic document for a balanced growth of the economy of the district. In spite of these guidelines and norms, actual flow of funds into various sectors and schemes in the different blocks show considerable disparities. An analysis of the inter-sectoral, Inter-scheme and Inter-block variations in the flow of bank credit under the 3rd round of DCP in Kottayam District is attempted below.

4.5.1. Review of Annual Action Plan 1983

An amount of Rs. 2,996.93 lakhs was disbursed under the AAP 1983 which exceeded the target (Rs. 2,544) by 17.8 per cent (See table 4-2).

Table 4-2

SECTORWISE TARGET & ACHIEVEMENT OF ALL BANKS FOR THE AAP 1983

Item	Target	Achievement	Achievement as % of target.
<u>Primary Sector</u>	1819.91	2083.84	115
Agri crop loan(C.L.)	1480.56	1535.62	105
Agri. Term Loan(T.L.)	339.35	548.22	196
<u>Secondary Sector</u>	480.91	290.49	60
Industrial T.L.	266.30	206.39	78
Industrial W.C.	214.61	84.10	39
<u>Tertiary Sector</u>	243.22	622.60	256
Service Term Loan	199.06	564.57	284
Service W.C.	44.16	58.03	131
Coefficient of Variation			58.23
Total	5088.08	5993.86	117.80

For the purpose of analysis banks have been grouped into 5 categories. It may be seen that there was significant variation between the performance of the different groups of banks (See table 4-3). The private sector banks and a major public sector bank like State Bank of India (SBI) could not achieve their overall target for the year. The performance of the private sector banks were as low as 58 per cent of the targets. At the other end, the Co-operatives and the other public sector banks had a very good performance, i.e., to the tune of 163 per cent and 130 per cent of the target respectively.

Table 4-3

SECTORWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS IN RESPECT
OF MAJOR BANK GROUPS UNDER AAP 1983

SECTORS> BANKS	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		Coefficient of	
	Crop Loan (C.L)	Term loan (T.L)	Term loan (T.L)	Working capital (W.C)	Term loan (T.L)	Working Capital (W.C)	TOTAL	Variation (CV)
SBT	111	91	59	50	360	288	121.15	81.90
SBI	18	275	52	36	293	165	98.22	88.00
OTHER P.S.BANKS	124	102	107	593	358	69	130.03	92.10
PVT. SEC. BKS	21	31	85	131	150	100	58.11	59.99
CO-OPERATIVES	126	454	85	0	722	--	162.94	---
All com. Bks.	84	96	82	41	253	131	---	---
ALL BANKS	103.7	161.6	77.5	39.2	283.6	131.4	117.8	64.09

Further analysis showed that out of the 26 banks involved in the implementation of the AAP only eight of them could achieve the overall targets. These constituted of State Bank of Travancore (SBT) four Public Sector banks, two Private Sector banks and a co-operative sector bank. (See table 4-4).

Table 4-4

BANKWISE SECTORWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS UNDER AAP 1983

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL	Coeff. Var
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.		
SBT	111	92	59	50	360	288	121.15	81.90
SBI	18	275	52	36	293	165	98.22	88.00
BANK OF BARODA	7	95	20	0	1935	250	87.37	179.76
BANK OF INDIA		44	7	146	631	0	133.80	139.76
CANARA BANK	358	82	171	71	882	73	242.08	116.51
CENTRAL BANK	140	241	61	45	699	124	173.27	112.45
CORPORATION BANK	0	183	10	0	290	4	74.50	114.61
INDIAN BANK	25	79	129	48	77	6	72.23	72.57
IOB	68	186	0	34	50	0	30.17	81.75
SYNDICATE BANK	19	68	279	69	285	143	95.91	79.35
UBI	159	179	33	22	346	10	108.37	104.58
VIJAYA BANK	0	0	55	121	12	106	51.57	67.74
NEW BANK OF IND.	0	28	18	136	9	85	38.72	97.87
BOC	40	27	0	24	70	33	36.05	47.64
BK. OF MADURAI	0	0	0	2035	117	167	318.80	141.42
C.S.BANK	6	16	71	0	312	8	48.40	158.58
DHANALAKSHMI	0	58	35	9	171	226	52.80	93.98
FEDERAL BANK	51	42	35	10	154	182	66.00	89.66
NEDUGNADI BANK	0	4	2470	0	101	0	330.80	162.71
LORD KRISHNA	26	39	36	15	131	100	41.25	80.40
PARUR CENTRAL	17	60	0	6	50	482	38.60	164.17
SOUTH INDIAN	6	34	105	8	89	117	37.60	83.27
VYSYA BANK	0	18	6	74	80	129	54.29	81.54
DCE	126	2326	85	0	722	0	169.00	128.72



sector wise performance

A certain level of disparity was observed in the sector wise performance (See table 4-2). It was seen that the advances to the secondary sector fell short of the targets (40 per cent). On the other hand, the advances to the service sector and agricultural sector had exceeded the targets by 156 per cent and 15 per cent respectively.

Similarly sector wise disparity was also noticed among the different groups of banks. It is significant to note that none of the six groups could achieve their targets in all the sectors uniformly (See Table 4-3). The coefficient of variation (CV) was seen to be highest (92) in the case of the other public sector Banks closely followed by SBI(88) and the Co-operatives(86). In the case of the private sector banks it was only 60. This disparity arose mainly out of the lower than targeted achievement in the secondary sector. In the case of the Other Public Sector banks this arose mainly due to over achievement in the service sector T.L (259 per cent). In an interview, the Lead Bank Officer and the District Co-ordinators had claimed that lack of adequate demand for credit was the main factor standing in the way of achievement of targets in the secondary sector. They pointed out that certain schemes sponsored by DIC were not bankable due to their non viability in certain locations. It may be pointed out in this context that the

lead bank had estimated the credit potential for this sector based on the action plan prepared by DIC which in turn were based on the details of units that sought provisional registration with the Assistant Industries Officers' in the Taluk. Thus no evaluation of their viability was made while fixing the targets.

Apart from the inter-group variation, intra-group variations were also noticed. Often the group-wise variations were seen to be lower. Some part of the variations were mutually cancelled out in the process of aggregation. For instance the co-efficient of variation for the Private Sector banks covered by the study had exceeded 100 but when taken as a group it was only 60. A notable phenomenon that could be identified amongst this disparity was the fact that seven out of the 11 banks were able to do very well in the service sector while their performance in the other sectors had been below the targeted level (See Table 4.3.).

Another set of 7 banks couldn't reach even 50 per cent of the targets fixed. They were Indian Overseas Bank, New Bank of India, Bank of Cochin, Catholic Syrian Bank, Lord Krishna Bank, Parur Central Bank, and South Indian Bank. The sector wise distribution of banks by achievement percentages to targets is given in table (4-5). It can be seen that only 8 banks could achieve the overall targets. The service sector had the maximum number of banks who could

perform above the targets. The maximum number of banks performing below 50 percent was in the Agricultural and secondary Sectors.

TABLE 4-5
DISTRIBUTION OF BANKS BY PERCENTAGE OF ACHIEVEMENT TO TARGET UNDER DIFFERENT SECTORS FOR 1983

% AGE LEVEL/ NO. OF BANKS	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.	
UP TO 50	15	12	15	17	2	10	7
51 TO 75	2	3	5	3	4	1	6
75 TO 100	0	5	1	0	1	1	4
OVER 100	4	4	5	4	16	12	8

Nevertheless, a scheme-wise analysis was not possible as the banks could not provide any scheme-wise break up of the data. This was due to the fact that no scheme-wise break up was required as per the earlier guidelines.

From the forgoing analysis of the sector-wise and bank-wise disparities, the tendency for lending to the traditional areas of Agriculture, and Service sectors were seen to be very much pronounced. The Sub-committee constituted for the preparation of targets under the service sector had cautioned about deployment of higher amount of credit to the traditional areas of the Service sector. This was also recorded in the AAP document itself(DCF 1983-85). But it could be seen from the over achievement in the service sector that the financial institutions have not kept

this in mind while preparing their performance budgets or in lending. The District Co-ordinators had pointed out lack of demand for advances to the Secondary sector as the main reason for this. They often diverted the funds ear-marked for the Secondary sector to the service sector so that the overall target for priority sector advances (ie. 40 per cent of the total advances to go to the priority sector) could be achieved.

Relative performance of Co-operatives and Commercial Banks

In the preparation and implementation of the AAP, both the Co-operatives and the Commercial banks were actively involved. But the resource position of the District Co-operative bank and the Co-operative Agricultural Development Bank branches alone were taken into consideration for fixing the targets as well as for calculating the achievements. The Loans given by the Primary Co-operative banks and Societies were not included in the AAP targets and achievements. Thus the priority sector lending's of the Primary Co-operative banks if any do not come under the purview of this analysis. It could be said that this had made the responsibility of priority sector lending to be rested with the District Co-operative banks and the Commercial banks alone. This was a serious lacuna that was found in the implementation of the DCP.

The sector wise analysis of the performance of the Co-operatives and the Commercial banks show that on the whole the performance of the Co-operatives had been better than that of the Commercial banks. But the Co-operatives did not advance any loan to the Secondary sector W.C portion even though their performance in the T.L portion of this sector was higher (85 per cent). Therefore the Sector-wise coefficient of variation was seen to be higher (86.42) in the case of the Co-operatives than for the Commercial banks(63.87). It was also noted that the performance of both the groups were below the targeted level in the Secondary sector. The performance of the Co-operatives was found to be very high in the Agricultural Crop loans(126 per cent) and Agricultural T.L.(455 per cent) compared to the performance of the Commercial banks whose performance was below the targets fixed (See table 4-3).

4.5.2 PERFORMANCE OF ANNUAL ACTION PLAN 1984

There were 27 financial institutions involved in the implementation of the 1984 AAP. As data from the New Bank of India, Dhanalakshmi Bank, and the Urban Co-operative bank were not compiled by the lead bank, the present analysis do not include the data of these three banks.

The total amount of loans disbursed under AAP 1984 to the priority sectors was Rs. 3,965.41 lakh which exceeded the target of Rs. 2,633.01 lakh by 31.6 per cent.

The data shows that SBT had performed much better than all other groups of banks. (See table 4.6). Its performance had exceeded the overall targets by 40.45 per cent. While the other Public Sector banks excluding SBT and SBI came second by advancing 39.62 per cent more than their targets. SBI alone had failed to realise their overall targets. Its performance fell marginally short of the targets (2.62 per cent). Thus on the whole the banks were able to satisfy their aggregate targets allocated to them.

TABLE 4-6

SECTORWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS IN RESPECT OF MAJOR BANK GROUPS UNDER AAP 84.

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL	C.V.
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.		
SBT	127	137	205	44	293	100	140.45	57.66
SBI	86	86	73	71	215	459	97.38	93.39
PUB. SEC. BANKS	161	175	77	51	334	41	139.62	78.39
PVT. SEC. BANKS	44	37	80	62	315	173	109.61	90.81
CO-OPERATIVES	122	297	167	0	74	--	131.16	58.09

Further analysis showed that eight out of the twenty three banks alone could achieve their overall target. These include SBT, four out of eleven Public Sector banks, one out of the seven Private Sector banks and the two Co-operative Sector banks. (See table 4.7). It was also seen that 6 banks out of the 23 could not even attain 50 per cent of the aggregate targets fixed for them.

Table 4-7

BANKWISE AND SECTORWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGET
FOR THE YEAR 1984

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL	
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.		
SBT	127	137	205	44	293	100	140.45	57.66
SBI	86	86	73	71	215	459	97.38	93.39
BANK OF BARODA	10	39	39	0	859	--	71.71	175.32
BANK OF INDIA	0	140	93	45	129	--	93.97	42.09
CANARA BANK	450	96	70	43	555	125	231.19	98.84
CBI	129	156	77	25	683	50	160.46	132.84
CORP. BANK	765	1658	81	86	142	11	277.21	142.24
INDIAN BANK	40	248	18	73	257	25	72.47	101.58
INDIAN OVERS. BK	181	108	23	20	119	3	60.76	93.77
SYNDICATE BANK	27	84	196	92	287	34	97.52	84.81
UNION BK. OF IND.	146	214	68	92	209	46	123.44	55.71
VIJAYA BANK	--	--	15	0	9	11	25.69	26.19
BANK OF COCHIN.	31	17	1	0	37	10	20.00	77.11
BANK OF MADURAI	0	64	8	0	7	0	7.98	34.18
CATHOLIC SY. BK	54	67	135	225	1017	1380	251.89	119.09
FEDERAL BANK.	72	42	48	9	174	16	72.74	100.12
NEDUNGADI BANK	0	118	14	0	15	0	15.11	121.95
LORD KRISHNA BK	31	53	292	23	200	11	78.20	114.43
PAROE CENT. BANK	4	56	255	0	13	75	45.70	126.36
SOUTH INDIAN BK	14	22	152	29	331	145	98.00	106.16
VYSYA BANK	0	28	6	6	95	30	43.00	110.68
KDCB	122	297	--	--	198	0	129.00	42.67
KCCLMB	--	154	--	--	--	--	154.12	--

Sector wise performance:

Out of the total credit of Rs. 3,965.41 lakh advanced to the priority sectors, 61.95 per cent went to the Agriculture Sector, while the Secondary Sector and the Service Sector obtained 13.29 per cent and 24.68 per cent respectively(See table 4.8). It could be seen that although Agricultural Sector had received the highest share in the total advances(62 per cent), the percentage of achievement to target was highest for the Service Sector(288 per cent) and least for the Secondary Sector(86 per cent).

TABLE 4-6
SECTOR WISE TARGET & ACHIEVEMENT OF ALL BANKS FOR THE AAP 1984

	TARGET	ACHIEVEMENT	PERCENTAGE
CROP LOAN	1635.92	1899.12	116.08
AGRI T L	422.95	557.76	131.87
AGRICULTURE SECTOR	2058.87	2456.88	119.33
SECONDARY SECTOR T L	316.32	375.69	119.7
SECONDARY SECTOR W C	297.79	151.28	50.80
SECONDARY SECTOR	614.11	526.97	85.81
SERVICE T L	282.84	863.38	305.25
SERVICE W C	57.17	115.18	210.46
SERVICE SECTOR	340.01	978.56	287.80
TOTAL	3012.99	3965.41	131.60
Coefficient of Variation			52.32

However, considerable sector wise disparity was seen to exist. It may be noted that none of the groups of banks could achieve the targets in all the six sectors. Again all the groups were similar in their failure to realise the targets in the secondary sector W.C. In the course of discussions, the District Co-ordinators claimed that this situation arose not because of the apathy of the banks in lending to this sector but due to the general lack of demand for funds under this sector. If they had considered the sector-wise credit potential of the area while firming up the targets such a predicament would not have occurred. The distribution of banks by achievement percentages under different sectors can be seen from table (4-9). It showed that a larger number of banks have achieved the targets in the service sector followed by the primary sector.

Table 4-9

DISTRIBUTION OF BANKS BY PERCENTAGE OF ACHIEVEMENT UNDER DIFFERENT SECTORS FOR 1984.

PERCENTAGE LEVEL/	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL
	CROP L.	T.L	T.L	W.C	T.L.	W.C	
UPTO 50	11	5	9	15	5	13	6
50 TO 100	3	7	6	5	1	2	9
OVER 100	7	10	6	1	16	5	8
TOTAL	21*	22*	21*	21*	22*	20*	23

* Some of the banks do not have targets allotted to them under some of the sectors.

The highest sector wise variation was seen in the case of the SBI and the Private Sector banks. This is evident from the high co-efficient of variation, which worked out to 93.39 and 90.81 respectively. This high variation arose due to the low achievement in the primary sector (86 per cent) on the one hand and very high performance in the service sector on the other i.e., 459 per cent for SBI and 315 per cent for Private Sector banks. (See Table 4-6). In the case of the Co-operatives their performance in the service sector was poor on the contrary. The least coefficient of variation was found in the case of SBT followed by the co-operatives.

It may be further seen that apart from the inter-group variations there was also intra-group, inter-sectorial variations. For instance except the Catholic Syrian bank no other Private Sector bank could achieve the overall target. The co-efficient of variation of all the Private Sector banks taken individually were above 100 indicating the high inter-sectorial variation. No specific trend in the variation could be noticed since certain banks have achieved the targets in one sector while others have done so in other sectors. Hence the co-efficient of variation for this group as a whole was comparatively lower. The intra-group variation in the Other Public Sector banks is brought out from the fact that out of the ten banks in this group seven had co-efficient of variation higher than the co-efficient of variation of the group.

As in the case of AAP 1983, a scheme wise analysis of the achievement under the AAP 1984 could not be done in the absence of scheme wise data. This was due to the fact that the lead bank had only insisted on sector wise break up of the advances in the returns to be submitted by the banks. This lacuna in the reporting system has made analysis of the scheme wise advances in expedient.

The review of AAP targets and achievements during 1984 had shown that while targets had been achieved in the case of the primary and tertiary sectors, the provision of credit to the secondary sector had been too low. This only showed that the package of incentives offered to the new entrepreneurs had to be made more attractive so that this sector will absorb more funds at least in the future. 4.5.3

Performance of Annual Action Plan 1985

The total advances of the financial institutions in the district during 1985 was to the tune of Rs. 3889.46 lakh. This was 54.83 per cent above the total target of Rs. 2512.04 Lakh (See Table 4.10). The above data compiled by the lead bank excludes the targets and advances of four banks namely the Syndicate Bank, The Catholic Syrian Bank, The Federal Bank and the South Indian Bank whose data were not available. Further it was pointed out by the lead bank that certain banks had reported outstanding loans instead of actual advances during the current year(AAP 1985).

TABLE 4-10
SECTOR WISE ACHIEVEMENT TO TARGETS SET FOR AAP 1985
(AMTS. IN LAKH OF RUPEES)

	TARGET	ACHIEVEMENT	% OF ACHIEVEMENT
*AGRI. CROP LOAN	1516.8	2336.19	154
*AGRI. TERM LOAN	327.89	384.95	117.4
*SSI TERM LOANS	251.88	335.48	133.2
*SSI WORKING CAPITAL	182.95	242.18	132.4
*TERTIARY TERM LOAN	174.57	458.04	262.4
*TERTIARY WORKING CAPITAL	57.95	132.62	228.9
* TOTAL	2512.04	3889.46	154.8
COEFFICIENT OF VARIATION			34.80

* Excluding the shares of Syndicate Bank Catholic Syrian Bank, Federal Bank and South Indian Bank.

The data showed that as in the previous year, the SBT had performed much better than all other groups of banks. Its achievements had exceeded the targets by 75 per cent. The Co-operatives had advanced 54.29 per cent more than the target. The advances of SBI and other Public Sector banks have exceeded the targets by 18.9 per cent and 44.32 per cent respectively. But the private sector banks failed to attain the targets as their actual lending came to only 83.14 per cent of the targets table 4.11).

TABLE 4-11
SECTOR WISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS IN RESPECT OF MAJOR BANK GROUPS UNDER AAP 1985.

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL	C.V.
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.		
SBT	162.57	110.76	171.47	133.13	368.95	210.86	175.00	48.07
SBI	65.25	160.32	81.94	115.94	184.93	699.33	118.90	110.19
OTHER PUB. SEC. BKS	143.80	221.00	91.70	70.99	289.20	61.19	144.32	62.57
PVT. SEC. BKS				87.58	119.43	79.86	83.14	26.87
CO-OPERATIVES	160.50	93.89	114.59	276.70	90.57	2026.90	11.29	167.31
COMM. BANKS	119.70	87.27	74.77	80.40	159.40	135.62	--	15
ALL BANKS	154.02	117.40	132.40	132.40	262.40	228.90	154.83	34

A disaggregated analysis showed an overall improvement in the performance of individual banks as 14 out of the 22 banks covered by the study could fulfill their aggregate targets. These include the SBT, SBI, 7 out of the 11 Other Public Sector banks, 5 out of the 7 Private Sector banks and the two Co-operative sector banks. The highest percentage of aggregate performance was for the Bank of Madurai a private sector bank. Here it may be noted that this bank had just one branch in the district and the target set for them was very meager.

In order to examine the relationship between targets and achievements, the rank correlation between targets and achievements were worked out. It is seen that rank correlation came to 0.14 and when the atypical banks were eliminated from the analysis it came to only 0.05. It was

seen that the rank correlation was non significant, ($P < .05$) so it could be concluded that the achievements and targets were not mutually related (See Table 4.12)

TABLE 4-12
BANK WISE PERFORMANCE TO TARGETS UNDER THE AAP 1985
 (AMTS. IN LAKH OF RUPEES)

BANK	TARGET	ACHIEVEMENT PERCENTAGE
SBT	746.40 (2)	175.00 (8)
SBI	109.00 (5)	118.90 (14)
B C COCHIN	86.10 (7)	12.60 (21)
BANK OF BARODA	17.22 (15)	182.80 (7)
BANK OF INDIA	9.50 (18)	122.90 (12)
CANARA BANK	89.30 (6)	189.80 (6)
CENTRAL BANK	125.10 (4)	114.60 (15)
CORPORATION BAN	21.40 (12)	58.00 (18)
INDIAN BANK	26.40 (11)	99.73 (16)
INDIAN OVERSEAS	19.30 (14)	142.64 (11)
NEW BANK OF INDIA	9.00 (19)	200.00 (5)
UNION BANK	28.70 (10)	225.80 (2)
VIJAYA BANK	14.70 (16)	36.32 (19)
BANK OF MADURAI	6.80 (21)	398.50 (1)
DHANALAKSHMI BANK	20.90 (13)	223.90 (3)
LORD KRISHNA BANK	221.00 (3)	168.90 (9)
NEDUNGADI BANK	7.20 (20)	8.30 (22)
FARUR CENTRAL	5.40 (22)	16.48 (20)
VYSYA BANK	9.70 (17)	82.68 (17)
KDCB	987.80 (1)	157.00 (10)
KFC	65.68 (9)	218.00 (4)
KSLADB	121.60 (8)	121.60 (13)

Note: Figures in brackets show the ranks.

Sector-wise Performance

A sector wise analysis showed that Agriculture had received Rs. 2721 lakh, constituting 69.96 per cent of the total advances, while the secondary sector and the service sectors obtained Rs. 577.66 Lakh and Rs. 590.66 Lakh accounting for 14.85 per cent and 15.19 per cent respectively of the total advances made during the year. Though the Agricultural sector had received the highest share both in respect of target and achievements, the percentage of performance to targets was seen to be highest in the Service sector (over two fold, See table 4.11). All the sectorial targets have been reached even though there was variation in respect of the percentage of achievements at the aggregate level.

A disaggregated analysis showed that only SBT could achieve the targets for all the individual sectors uniformly. The Agricultural Development bank had done well in one sector only.

The distribution of banks according to levels of achievement in different sectors showed that the highest number of banks had over-achieved their targets in the T.L portion of the Service Sector (13); followed by the C.L component of the primary sector (11) (See Table 4-13).

TABLE 4-13
DISTRIBUTION OF BANKS BY PERCENTAGE OF ACHIEVEMENT TO
TARGETS UNDER DIFFERENT SECTORS FOR 1985

% AGE LEVEL/ NO. OF BANKS	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.	
UPTO 50	5	11	6	7	5	9	4
50 TO 100	3	1	7	3	3	3	3
100&OVER	11	7	8	10	13	8	14
TOTAL	19*	19*	21*	20*	21*	20*	21*

* SOME BANKS DO NOT HAVE OUTLAYS UNDER THESE SECTORS

A group wise sector wise analysis showed that only the SBT could achieve the targets in all the sectors with a lower inter sectorial variation(48.07). The lowest inter-sectorial variation was found in the case of the Private Sector banks but they could achieve their targets only in the service sector T.L portion. This indicates that they have failed to achieve the targets uniformly. Though next to SBT the Co-operatives have done well highest variation was noticed in their case(167) due to lower than targeted performance in the agriculture T.L(93.89 per cent) and Service sector T.L(90.5 per cent) and astronomically high performance in the service sector W.C (2026.9 per cent). (See table 4.10)

The only groups that could achieve the targets in the secondary sector were the SBT and the Co-operatives. The SBI could reach the target in the W.C part of this sector only. The lowest performance in this sector was by the Private Sector banks in the T.L part (58.89).

It may be noted that there was intra group variations apart from the inter group variations in the sector wise performance as in the previous AAPs. For instance out of the 11 banks which failed to realise 50 per cent of their targets in Agriculture T.L five were public Sector banks and the rest private sector banks. Here it may be pointed out that all the private sector banks have failed in this regard, except the Lord Krishna Bank. The inter sectorial variation of the private sector banks taken separately was found to be high even though it was low taken as a group (See Table 4-11 and 4-14). For instance the Bank of Madurai had a coefficient of variation of 183.00, the Dhanalakshmi Bank 160.9 and the Nedugadi Bank 112.13. This anomaly could be explained from the fact the Bank of Madurai had an achievement of 2045 per cent and the Parur Central bank had no achievement at all in the secondary sector W.C portion and the Dhanalakshmi Bank had an achievement of 1722.5 per cent in the service sector W.C component, while the Nedungadi Bank and the Parur Central bank had only 3.57 per cent and 62.5 per cent only. So when they are taken together these differences get partially canceled (See Table 4-14). This high fluctuation in the achievement percentages of the targets on the part of the banks indicates that the targets were not set systematically scientifically. It also throws light on the fact that there was an absence of a system to make the banks adhere to their targets. This finding is

strengthened by the non significant rank correlation between targets and achievements (0.14) (See Table 4-12).

Table 4-14

BANK WISE AND SECTORWISE DISTRIBUTION OF THE PER CENTAGE OF ACHIEVEMENT TO TARGETS UNDER AAP 1985

BANK	CROP LOAN	TERM LOAN	SSI.TL	SSI.WC	SERVICE T L	SERVICE WC	Total	C.V.
SBT	162.57	110.76	171.47	133.13	368.95	210.86	175.00	48.07
SBI	65.25	160.32	81.94	115.94	184.93	699.33	118.90	110.19
B O COCHIN	4.06	6.43	44.51	0.00	29.30	10.22	12.60	92.20
BANK OF BARODA	26.00	31.82	121.76	108.54	1425.38	65.00	182.80	133.80
BANK OF INDIA	0.00	8.00	204.00	140.00	119.25	0.00	122.90	69.27
CANARA BANK	189.60	606.15	70.16	54.81	263.54	185.36	189.8	88.15
CENTRAL BANK	121.31	87.43	58.40	53.33	330.83	4.14	114.6	105.56
CORPORATION BANK	66.45	5.59	68.85	66.11	86.19	1.30	58.00	73.65
INDIAN BANK	55.65	186.00	77.07	44.75	291.43	4.17	99.73	98.21
INDIAN OVERSEAS B	549.58	225.33	181.67	109.39	136.13	6.25	142.64	92.21
NEW BANK OF INDIA	0.00	11.11	330.71	173.44	254.29	67.14	200.00	78.34
UNION BANK	257.1	476.80	128.29	18.06	242.54	8.57	225.80	93.61
VIJAYA BANK	0.00	310.00	0.00	0.00	48.86	0.00	36.32	102.91
BANK OF MADURAI	0.00	30.00	28.00	2045.00	153.89	130.00	398.5	183.96
DHANALAKSHMI BANK	1.00	23.75	49.75	261.76	409.04	1722.50	223.90	160.94
LORD KRISHNA BANK	154.60	21.75	92.69	584.29	67.59	458.71	168.90	101.46
NEDUNGADI BANK	0.00	42.00	0.00	0.00	9.68	3.57	8.30	112.13
PAROD CENTRAL BANK	0.00	40.00	0.00	0.00	24.00	62.50	16.48	45.87
VYSTA BANK	11.00	10.00	70.71	107.80	118.78	131.42	82.68	71.89
KDCB	160.50	47.04	114.59	276.70	90.50	2026.95	157.00	171.23
KSLADE	----	121.66	----	----	-----	----	121.6	----

Scheme wise and Block wise performance

Further analysis reveals a dismal picture about the performance in certain schemes. In the primary sector the least achievement was seen in the Coconut Development Scheme(34.22). The only scheme that could achieve the target in the primary sector was the Rubber Plantation (106.05 per cent). The reason pointed out for the lower than targeted performance for Dairy and Goat rearing scheme by the DCC was the revision of targets by DRDA for these schemes under the IRDP Action Plan for the year.

Table 4-15.
Sector wise achievement to targets set under AAP 1985

	Targets	(Amounts in lakh)	
		Achievement	% of achievement
I. Agriculture & Allied Activities			
1. Minor Irrigation	51.04	50.28	98.51
2. Coconut Development.	22.85	7.82	34.22
3. Rubber Plantation.	42.17	44.72	106.05
4. Equipment loans.	52.92	22.81	43.10
5. Dairy.	118.84	54.69	46.02
6. Goat. rearing.	6.59	3.64	55.24
7. Poultry	22.32	17.01	76.21
8. Biogas	41.52	21.86	52.65
II. Small Road & Water Transport operators			
1. Bus	60.50	75.99	125.60
2. Truck & Mini Truck	42.90	82.89	193.22
3. Taxi & Taxi Jeep.	40.00	139.85	349.63
4. Auto rickshaw.	38.88	34.50	88.73
III. Education	16.00	7.97	49.81
IV. Housing Finance to Weaker sections.	4.75	7.68	161.68
V. Consumption Loans to Weaker Sections.	5.73	16.89	294.76

As scheme wise data were not available, the analysis of the secondary sector schemes could not be done. In the tertiary sector the highest performance was in the Taxi Service Scheme (349.63 per cent), which got an advance of Rs. 139.85 lakh. However, short fall in achievement was seen in the case of education loans and the financing of Auto rickshaw (See Table 4-15).

Although the AAP targets were prepared block wise, no effort was made by the lead bank to collect the achievements in the same manner. Therefore, block wise analysis could not be done. In the above circumstances branch wise figures of advances given to the priority sectors were collected from the district co-ordinators of the various banks. Where this was not available, data were collected from the respective branches of the banks. But data from seven of the banks could not be collected inspite of our best efforts. Therefore, these banks were excluded from the block wise analysis.

The block wise disparity existing in the implementation of the AAP could be seen from the fact that out of the 11 blocks only five blocks could fulfill the overall targets. These blocks were Kanjirapally, Kaduthuruthy, Pallom, Uzhavoor and Vaikom. Out of these blocks only the Pallom and Uzhavoor blocks alone could achieve the targets in all the sectors. Further it could be seen that the Erattupetta block had a uniformly poor level of achievement compared to the other blocks. The performance of this block was below

TABLE 4-16
BLOCKWISE DISTRIBUTION OF PERCENTAGE OF ACHIEVEMENTS TO OUTLAYS FOR THE YEAR 1985.

BLOCK	PRIMARY SECTOR			SECONDARY SECTOR			TERTIARY SECTOR			TOTAL		
	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE
ERATOPETTA	4,879.00	2,423.00	49.66	877.00	392.00	44.70	1,155.00	682.00	59.05	6,911.00	3,497.00	50.60
ETTUMANOOR	7,046.00	6,697.00	95.05	1,679.00	844.00	50.27	1,656.00	2,137.00	129.05	10,381.00	9,678.00	93.23
KANJIRAPALLY	6,232.00	10,100.00	162.07	1,039.00	540.00	51.97	1,707.00	2,574.00	150.79	8,978.00	13,214.00	147.18
KADUTHURUTHY	8,356.00	10,203.00	122.10	1,863.00	886.00	47.56	2,079.00	2,366.00	113.80	12,298.00	13,455.00	109.41
LALOM	7,439.00	6,989.00	93.95	3,973.00	425.00	10.70	1,607.00	2,668.00	166.02	13,019.00	10,082.00	77.44
NADAPALLY	8,770.00	6,703.00	76.43	6,093.00	4,081.00	67.14	3,387.00	5,607.00	165.06	18,260.00	16,401.00	89.82
PALLOM	7,422.00	14,134.00	190.43	11,160.00	15,973.00	143.13	4,113.00	11,161.00	271.36	22,695.00	41,268.00	181.84
PAMPADY	6,769.00	4,695.00	69.36	1,377.00	358.00	26.00	1,298.00	1,333.00	102.70	9,444.00	6,386.00	67.62
UZHAVOOR	6,483.00	9,743.00	150.29	910.00	918.00	100.99	1,701.00	5,432.00	319.34	9,094.00	16,094.00	176.97
VAIKOM	5,148.00	5,516.00	107.15	876.00	724.00	82.65	1,041.00	3,274.00	314.51	7,065.00	9,514.00	134.66
VAZHOOB	8,100.00	6,024.00	74.37	1,772.00	654.00	36.91	1,927.00	3,435.00	178.26	11,799.00	10,113.00	85.71
TOTAL	76,644.00	83,227.00	108.59	31,619.00	25,806.00	81.62	21,681.00	40,669.00	187.58	129,944.00	149,702.00	115.21

Source: data collected from the branches of various banks.

60 per cent of the targets in all the three sectors (See Table 4.16).

The actual performance in the service sector was seen to be much above the target in all the blocks except Erattupetta. Inter-block variation could be noticed in the percentage of over achievement also; while the performance of the Erattupetta block was 59.05 per cent. of the targets, the performance of the Vaikom and Uzhavoor blocks were more than three fold.

It may be noted that Pallom and Uzhavoor blocks alone could achieve the targets in respect of the secondary sector. In some of the blocks like Lalom the percentage of achievement in this sector was as low as 10.7 per cent of the targets. The coefficient of variation was also seen to be highest in this sector (61.77) indicating the existence of block wise disparity. The sector wise disparity is clear from the fact that even the Vaikom block which had a three fold achievement in the tertiary sector could not achieve its targets in the secondary sector.

Co-operatives and Commercial Banks

A sector wise performance of the Co-operatives and the Commercial banks shows that the performance of the Co-operatives were better in all the sectors except in the service sector T.L. Nevertheless, the coefficient of variation in the case of the Co-operative were very

high(167.31) indicating higher inter sectorial variation. It could be seen from table (4.11) that this very high variation arose due to the high level of achievement to target in the service sector. In the case of the Commercial banks the coefficient of variation was much lower at 31. But their performance was below the targeted level in the secondary sector.

The AAP which represents the Annual Credit Plan of the district does not seem to have been adhered to by the implementing banks in its true spirit. Though the block wise targets were fixed after consulting each bank, there were persisting concentration of credit disbursements to certain sectors and areas. Here it may be noted that the special guidelines issued for the AAP 1985 had specifically stipulated that this type of window dressing should be avoided at all cost and that efforts should be made to reach the targets in each of the areas and schemes separately. This disparity could have been eliminated if steps were taken to identify the sectors and areas for each of the schemes specifically in the AAP itself.

4.5.4 Performance under AAP 1986

In the absence of a District Development plan the AAP was prepared based on the assumption that the programmes and projects implemented during the previous year would continue during 1986.

The total priority sector advances of the banks in the district during the year was Rs. 6021.21 lakh, which was 64 per cent above the target of Rs. 3669 lakh. However, it may be noted that inspite of specific instructions and training of banks by the lead bank, certain banks, continued to report outstanding amounts in the place of advances during the current year. This was also pointed out in some of the DCC meetings held to review the progress under the AAP.

A group wise analysis of the performance of banks showed that the SBT had performed better than all the others (See table 4.17). Its achievements exceeded the targets by

TABLE 4-17
SECTOR WISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS IN RESPECT OF MAJOR BANK GROUPS FOR THE AAP 1986

(In percentages)

	CBOP LOAN	AGRI T.L	SSI T.L	SSI W.C	SERV. TL	SERV T.L	TOTAL %	C.V
SBT	171.90	151.26	171.50	105.88	282.00	221.50	184	33.06
SBI	120.70	74.46	57.19	60.15	155.40	562.70	115	113.7
PUB.SEC.BXS.	195.95	234.00	69.40	27.00	256.00	68.00	152	69.38
PVT.SEC.BXS.	328.00	122.00	28.00	58.00	152.70	175.60	175	73.64
CO-OPERATIVE	158.80	172.60	29.30	102.70	114.00	---	157	48.85
ALL COMMERCIAL BXS	193.00	148.00	95.00	61.60	197.00	231.00	166	42.36
ALL BANES	174.87	157.27	90.15	64.74	227.87	212.87	----	-----

84 per cent. At the same time the Private sector banks had an achievement of 75.6 per cent over the targets. Even though the achievement of all the five groups of banks had exceeded the targets, it was seen that only 15 out of the 23 banks had lent more than their aggregate

targets (See table 4.18). These include: SBI. SBT. 8

TABLE 4-18
BANK WISE AND SECTORWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO THE TARGETS UNDER AAP 1986

	CROP LOAN	AGRI. T.L	SSI T.L	SSI W.C	SERVICES T.L.	SERVICES W.C	TOTAL % OF ACHIEVEMENT	C.V
SBT	171.90	151.26	171.5	105.88	282.00	221.50	184	33.05
SBI	120.77	74.46	57.19	60.15	155.4	562.70	115	113.7
BOB	6.28	19.00	64.54	179.41	738.30	7.70	143	169.26
BANK OF INDIA	44.54	--	131.50	11.20	155.00	23.10	109	89.91
CANARA BANK	445.80	216.00	66.80	28.90	256.00	171.80	231	75.62
CENTRAL BK OF IN	101.00	132.00	112.00	6.56	154.40	44.90	99	60.63
CORPORATION BANK	7.86	745.80	26.10	127.60	154.80	142.40	87	136.53
INDIAN BANK	73.70	276.30	56.50	3.10	584.20	.00	121	120.31
IOB	466.78	440.60	35.69	17.60	381.20	0.00	181	94.41
NEW BANK OF INDIA	0.00	344.00	23.47	00.00	50.3	0.00	35	149.71
SYNDICATE BANK	78.00	299.00	37.62	13.49	342.40	105.00	132	95.74
UNION BK OF INDIA	587.67	104.00	162.86	19.00	157.80	8.20	273	123.23
VIJAYA BANK	0.00	820.90	58.72	6.75	269.30	00.00	251	128.89
THE BANK OF MADHURA	0.00	00.00	00.00	00.00	27.25	00.00	15	--
CATHOLIC SY.BANK.	685.00	109.70	3.40	39.00	166.60	180.90	229	125.99
DHARALAKSHMI BANK	00.00	26.00	13.40	23.60	130.00	121.80	58	91.68
FEDERAL BANK	312.00	211.80	66.80	36.70	362.00	164.90	228	67.47
WEDUNGADI BK	00.00	44.00	30.00	00.00	52.00	2.80	31	67.10
LOD KRISHNA BK	395.50	7.90	56.00	485.90	25.00	524.00	229	98.15
PARUR CENTRAL BANK	00.00	21.30	00.00	00.00	8.00	9.00	13	58.02
SOUTH INDIAN BK	123.70	71.60	219.00	48.30	91.50	89.70	106	56.01
VIJAYA BANK	12.50	35.90	33.00	13.60	68.80	108.90	52	81.84
KSAPB	---	203.00	---	-----	-----	-----	204	-----
DCE	158.80	103.00	29.30	102.70	114.00	---	152	-----

Public Sector Banks. 4 Private Sector Banks and two Co-operative Sector Banks. The highest percentage of achievement was for the Union Bank of India (273 per cent).

Further the correlation Coefficient worked out in respect of total targets and achievements showed significant relation ($r = 0.52$).

Sectorial Performance

A sector wise analysis showed that, as in the previous year Agriculture had received a lion's share of the total advances. It received Rs. 4143.95 Lakh as against a target of Rs. 2420 Lakh, which constituted 69.77 per cent of the total advances under the AAP 1986. The percentage of performance to targets was seen to be highest in the service sector which had achieved more than double the target. However, the performance was seen to be very poor in the secondary sector which could realise only 79.68 per cent of the targeted advances (See table 4.19)

TABLE 4-19

SECTOR WISE ACHIEVEMENT TO TARGETS OF 1986 AAP

(Rs. IN LAKH)	TARGET	ACHIEVEMENT	% OF ACHIEVEMENT
AGRI. CROP LOAN	1920	3357.62	174.87
AGRI. T L	500	786.33	157.27
SSI T C	403	365.18	90.15
SSI W C	295	190.99	64.74
SERVICES T L	441	1004.93	227.87
SERVICES W C	110	234.16	212.87
Co-efficient of variation			42.32
TOTAL	3669	5939.21	161.87

All the five groups of banks had uniformly achieved the targets in the C.L. component of Agriculture Sector and T.L. component of the Service Sector. (See Table 4-17). But all banks except SBI had achieved targets in respect of T.L. portion of the Agriculture sector. At the other end, all 4 groups except SBT had failed to achieve targets in SSI T.L. portion.

Further analysis showed that the SBT alone could achieve the targets in all the sectors with the lowest inter sectorial variation (33.06). The highest inter sectorial variation was noticed in the case of SBI (113.70) followed by the private sector banks (73.64) (See table 4.17). The other public sector banks had a coefficient of variation of 69.38. This high degree variation between the different groups of banks was mainly due to the lower than the targeted achievement in the secondary sector. It could be seen that except the SBT and the Co-operatives the other groups were not able to reach their targets in the secondary sector. At the same time the private sector banks and the other public sector banks could fulfill their targets in the secondary sector T.L. only to the extent of 28 per cent and 69 per cent respectively.

An analysis of the intra-group variations showed that out of the 15 banks which failed to realize the targets in the secondary sector T.L. four public sector banks could not even achieve 50 per cent of the targets. (See Table 4-18 & 4-20) Again 7 out of the 18 banks which failed to achieve

the targets in the secondary sector W.C were public sector banks. It was also noticed that some of the banks like New Bank of India, Bank of Madurai, Parur Central Bank and the Nedungadi Bank did not make any advance at all in the secondary sector W.C component. One reason for this was the fact that some of these banks were located at the headquarters of the district and being a city the scope for priority sector lending for secondary sector was found to be lesser in the urban center than in the rural areas. Moreover, there were ample opportunities for service sector advances in the urban areas.

TABLE 4-20

DISTRIBUTION OF BANKS BY PERCENTAGE ACHIEVEMENT UNDER DIFFERENT SECTORS FOR 1986

% LEVEL/NO OF BANKS	CROP LOAN	AGRI.	INDUSTRY		SERVICE		AGGREGATE PERFORMANCE
		T.L	T L	W C	T L	W C	
UP TO 50 %	8	7	10	16	3	11	4
50 TO 100%	2	2	7	2	4	1	4
100 % ABOVE	11	14	5	5	16	11	15
TOTAL	21*	23	22*	23	23	23	23

* SOME OF THE BANKS DONOT HAVE TARGETS FURNISHED UNDER THESE SECTOR

One bank where the Inter sectorial disparities were very high was the Union Bank of India. This bank had the highest percentage of achievement to the total target (273 per cent). But high performance could be noticed only in the primary and service sectors. The performance in the secondary sector W.C for this bank was not even one fifth of the target (19 per cent).

Sector, wise variation as shown by the coefficient of variation was highest in the case of the Bank of Baroda (189.26) a public sector bank. It was followed by the Corporation Bank with a co-efficient of variation of 136.53. On the whole 9 banks had co-efficient of variation over 100 out of which 7 banks were in the public sector.

Scheme wise Review

A scheme wise analysis was made to see whether the thrust given in advances by the banks were in conformity with those proposed under the AAP. But this exercise could not be effectively completed as many of the bank branches were not maintaining detailed scheme-wise data. Some of the banks have clubbed disbursements under different schemes under "others" category. This was a major constraint in the evaluation of scheme wise achievement.

However, analysis of the available data shows that Coconut Development Scheme had achieved only 15 per cent of the target, followed by Rural artisans (20 per cent). Here it may be pointed out that the Coconut plantations in the district are mostly affected by root wilt disease and the DRDA had identified re-plantation using disease resistant varieties as an important activity to be undertaken for financing during 1986 AAP.

The achievements shows that a crop that covered 21.3 per cent of the gross cropped area of the district got only Rs. 5.12 lakh as advances. This shows that either the banks were reluctant to finance or have failed to generate sufficient demand for advances under this activity. Five of the 8 District Co-ordinaters interviewed had also stated lack of demand as the main reason. But this points to the lacuna in assessing the potential for this activity in the district.

The achievement was highest for advances for Rubber Plantations and Housing for Weaker sections. The targets were exceeded by more than three fold. Here it may be noted that Rubber plantations covered 30.8 per cent of the gross cropped area of the district and it should have naturally received a higher target. Thus it may be pointed out that the AAP was not judicious in allocating an outlay of only Rs. 36.72 lakh i.e. 1.59 per cent of the total target for Primary Sector for Rubber Plantations scheme (See Table 4-21).

Table 4-21

SECTOR WISE SCHEME WISE TARGET AND ACHIEVEMENT FOR 1986
(Amounts in Lakh)

1. Agriculture and Allied Activities:	Target	Achievements	% of achievement
Agri. Crop Loan	1920.00	3359.97	175
Minor Irrigation	59.04	123.20	209
Coconut Development	34.58	5.12	15
Rubber Plantation	36.72	120.80	329
Equipment Loans	80.63	75.01	93
Dairy	91.95	121.32	132
Goat Rearing	9.72	4.67	48
Foultry	28.64	19.03	66
Biogas	42.36	16.34	39
<u>2. Small Scale Industries:</u>			
Rubber Based Industries	248.26	111.08	53
Light and General Engg.	109.88	43.16	46
Household and Cottage Industries	62.90	45.35	43
Rural Artisans	30.35	10.69	20
<u>3. Small Road & Water Transport Operators:</u>			
Bus	72.60	25.61	49
Trucks/Mini Truck	81.50	119.36	146
Taxi & Taxi Jeep	75.60	227.63	301
Autorickshaw	39.24	71.26	182
<u>4. Education.</u>	22.10	5.62	25
<u>5. Housing finance to Weaker Sections</u>	3.1	10.72	346
<u>6. Consumption Loans to Weaker Sections</u>	8.25	9.08	95



It may be seen that in some of the schemes under the small scale industries sector the targets couldn't be achieved. This was mainly due to the failure to generate adequate demand for these schemes coupled with the apathy of the banks in lending to this sector. Three banks have pointed out lack of infrastructural facilities as the main reason for the low demand. Further it was pointed out by five Co-ordinators that the banks did not have qualified personnel for evaluating projects under this sector and for follow up.

Co-operatives and Commercial Banks

A comparison of the performance of the Co-operatives with those of the commercial bank showed that on the whole the performance of the commercial banks were better. It was seen that while the co-operatives had an achievement of 57 per cent over the target, that of the commercial banks were 66 per cent over the target. In the sector wise analysis it was seen that the performance of the Co-operatives were better in the agricultural sector T.L (172.6 per cent) and secondary sector W.C (102.7 per cent). While in the secondary sector the performance of the commercial banks were below the targets fixed for them (see table 4.17). Again it was seen that the inter-sectorial variation was higher for the Co-operatives with a coefficient of variation of 48.85, while for the Commercial banks it was lower at 42.36.

Block wise Analysis

Although the AAF targets were prepared block wise no effort was made by the lead bank to evaluate the block wise achievement. Further block wise data were seldom collected. Therefore the present analysis was made based on available data collected from 18 banks.

The analysis of the collected data showed that only 6 blocks could attain their overall targets. These blocks were Erattupetta, Ettumanoor, Kanjirapally, Kaduthuruthy, Madapally and Uzhavoor. Here again, none of them could achieve the targets in all the sectors. It may be noted that all the blocks have achieved the targets in the tertiary sector. However, the extreme sector wise disparities were noted by the fact that, all except the Vaikom block failed to achieve the target in the secondary sector (see Table 4.22).

The inter block disparity was seen to be higher in the Primary sector which had the highest C.V. (53.36) closely followed by the industrial sector (50.79). It may be noted that the sectorial variations and disparities have been much wider than the variations in aggregate performance (C.V.=37.87).

This inter sectorial inter block variation goes to show that the banks have not made any conscious effort to achieve the targets, which have been fixed with their concurrence.

TABLE 4-22
BLOCKWISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENTS TO OUTLAYS FOR THE YEAR 1986.

SECTOR BLOCK	PRIMARY SECTOR			SECONDARY SECTOR			TERTIARY SECTOR			T O T A L		
	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE
BRATYUPETTA	16,012.00	9,953.00	62.16	2,030.00	1,121.00	55.22	2,185.00	9,983.00	456.89	20,227.00	21,057.00	104.10
EYTMANOOR	14,872.00	16,080.00	108.12	2,295.00	1,740.00	75.82	2,541.00	4,464.00	175.68	19,708.00	22,284.00	113.07
KANJIRAPALLY	6,900.00	12,056.00	174.72	2,235.00	1,544.00	69.08	3,146.00	12,489.00	396.98	12,281.00	26,089.00	212.43
KADUTHURUTHY	18,187.00	11,371.00	62.52	3,305.00	1,486.00	44.96	3,306.00	13,841.00	418.66	24,798.00	26,698.00	107.66
LALOM	28,299.00	12,026.00	42.50	4,430.00	2,261.00	51.04	3,731.00	11,420.00	306.08	36,460.00	25,707.00	70.51
MADAPALLY	19,348.00	12,379.00	63.98	7,215.00	2,345.00	32.50	4,188.00	16,586.00	396.04	30,751.00	31,310.00	101.82
PALLOM	28,298.00	14,365.00	50.76	13,100.00	6,368.00	48.61	8,857.00	18,587.00	209.86	50,256.00	39,320.00	78.24
PAMPADY	17,375.00	8,538.00	49.14	2,380.00	1,359.00	57.10	2,697.00	3,677.00	136.34	22,452.00	13,574.00	60.46
UZHAVOOR	18,738.00	11,187.00	59.70	2,340.00	1,422.00	60.77	2,879.00	17,475.00	586.61	24,057.00	30,084.00	125.05
VAIKOM	16,351.00	8,373.00	51.21	2,285.00	3,668.00	160.53	2,382.00	8,056.00	338.20	21,018.00	20,087.00	95.62
VAZHOOOR	19,573.00	12,360.00	63.15	3,475.00	2,884.00	82.99	3,339.00	10,053.00	301.08	26,387.00	25,297.00	95.87
TOTAL	203,954.00	128,688.00	63.10	45,090.00	26,198.00	58.10	39,351.00	126,631.00	321.80	288,395.00	281,517.00	97.62

Source: data collected from the branches of various banks.

While these targets were hypothetical in nature, without properly linking with the development pattern of the district, the monitoring mechanism was also practically non-existent. The lead bank and the DCC could not effectively ensure the adherence to the targets due to the structural weakness of the scheme.

4.5.5 Performance under AAP 1987

Under the AAP 1987 credit to the tune of Rs. 6547.99 lakh was advanced against a target of Rs. 4727 lakh to the priority sectors by 25 financial institutions in the district, thus recording an over all achievement of 139 per cent of the target.

As in the previous year SBT had the highest percentage of achievements to targets (182 per cent) compared to other bank groups closely followed by the Private Sector banks (181 per cent). The performance of the other private sector banks were also satisfactory (121 per cent)(See Table 4-24). The lowest performance seen was from a Private Sector Bank (Farur Central Bank). The lowest performance seen from a Public Sector Bank was for the Corporation Bank. It could reach only 45 per cent of the aggregate target. The SBT a major public sector bank also could not achieve its targets (92 per cent).

4.5.5.1. sector wise Analysis

A sector wise study showed that the Agricultural sector got the highest target i.e. Rs. 3105 lakh followed by the service sector and the industrial sector. But the performance show that the service sector had the highest percentage of achievement (148 per cent) while the primary sector had only the second place (114 per cent). Further it was seen that in the secondary sector W.C the aggregate targets set could be achieved only to the extent of 71 per cent (see Table 4.23).

TABLE 4-23
SECTORWISE TARGET AND ACHIEVEMENT OF ALL BANKS FOR THE AAP 1987
(Amounts in lakh of rupees)

	TARGET	ACHIEVEMENT	% OF ACHIEVEMENT
1. PRIMARY SECTOR	3.105	4.367.09	114
CROP LOAN	2.447	3.679.66	150
AGRI TERM LOAN	658	687.43	104
2. SECONDARY SECTOR	698	811.32	71
INDUSTRY T.L	403	602.37	149
INDUSTRY W.C	295	208.95	71
3. TERTIARY SECTOR	923	1371.02	148
SERVICE T.L	735	1.124.51	153
SERVICE W.C	188	246.51	131
Total	4727	6.547.99	139
Co-efficient of variation			23.67

The data further shows that SBT alone could achieve the targets in all the sectors. The SBI could achieve the targets only in the industrial sector T.L and the service sector T.L. This is inspite of the fact that it had an Agricultural Development branch exclusively for agricultural financing. Though the Co-operatives could achieve the target: only in the primary sector crop loans and the secondary sector W.C portion their inter sectorial variation was found to be the minimum (29), indicating a more consistent performance (See Table 4-24). The highest inter sectorial variation was noticed in the case of the Private Sector Banks (78) due to their poor performance in the secondary sector. It could reach only 65 per cent and 46 per cent of the targets in the T.L and W.C portion of this sector.

Table 4-24
SECTOR WISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS IN RESPECT OF MAJOR BANK GROUPS UNDER AAP 1987.

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		(In percentages)	
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.	TOTAL	C.V.
SBY	206	145	126	275	143	164	182	31
SBI	67	85	54	121	193	159	92	48
OTHEE PUB. SEC. BES	176.6	81	24	97	164	79	121	55
PVT. SEC. BES	302	117	46	65	214	55	181	76
CO-OPERATIVES	107	95	140	72	63	86	106	29
All Com. Bks.	199	64	139	135	167	158	---	32

It may be noted that none of the private sector banks had achieved their targets in the secondary sector (See Table 4-26). Out of the 17 banks that failed to achieve the targets in this sector 11 were Public Sector Banks and 7 Private Sector Banks. It was seen from table 4-25 that 14 banks could not even reach 50 per cent of the targets in the SSI T.L. sector. Further, out of the 17 banks that failed to achieve the targets in the agricultural sector T.L, 8 were Public Sector Banks and 7 Private Sector banks and 2 co-operatives. Within this 9 banks could not even reach 50 per cent of the targets.

TABLE 4-25
DISTRIBUTION OF BANKS BY PERCENTAGE OF ACHIEVEMENT UNDER DIFFERENT SECTORS FOR 1987

% AGE LEVEL/ NO. OF BANKS	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.	
UPTO 50	6	9	14	9	11	4	4
50 TO 100	3	8	5	6	3	2	7
100 & above	12	7	3	8	9	17	13
TOTAL	21*	24*	22*	23*	24	23*	24

* SOME BANKS DO NOT HAVE OUTLAYS UNDER THESE SECTORS

Out of the 14 banks that failed to achieve the targets in the service sector W.C portion 8 were private sector banks. It could be seen from table 4-21 that three of the public sector banks didn't give any advance under this portion of the service sector.

Table 4-22
BANK WISE AND SECTOR WISE DISTRIBUTION OF THE PERCENTAGE OF ACHIEVEMENT TO TARGETS UNDER AAP 1987.

BANK/SECTOR	AGRICULTURE		SECONDARY SECTOR		SERVICE SECTOR		TOTAL
	C.L.	T.L.	T.L.	W.C.	T.L.	W.C.	
SBY	206	145	126	275	164	143	182
SBI	67	85	54	121	159	193	92
BANK OF BARODA	10	46	7	90	136	216	45
BANK OF INDIA	55	21	22	62	0	164	71
CANARA BANK	348	89	26	96	159	166	186
CENTRAL BANK	85	72	28	110	112	129	87
CORPORATION BANK	9	34	75	14	63	74	45
INDIAN BANK	281	124	15	74	3	156	116
IOB	233	167	2	102	0	184	137
SYNDICATE BANK	137	66	2	107	97	246	115
UBI	230	137	83	323	0	118	170
VIJAYA BANK	402	90	14	36	37	119	99
NEW BANK OF IND.	--	441	263	73	7	39	129
BE. OF MADURAI	0	0	13	31	32	384	75
C.S. BANK	552	68	53	22	143	160	241
DHANALAKSHMI	0	6	--	0.45	0	273	108
FEDERAL BANK	222	145	73	123	166	252	188
NEDUNGADI BANK	0	28	0	14	0	117	38
LOD KRISHNA	209	84	22	34	265	23	138
PARUR CENTRAL	--	14	14	9	0	15	11
SOUTH INDIAN	170	126	33	81	50	267	156
VYSA BANK	30	20	6	40	233	65	59
BCB	107	1	140	247	86	19	110
ADE	--	80	--	--	--	--	80

4.5.5.2. Scheme wise analysis

It was seen that the target under crop loans part was achieved well before the year ended. It was Rs. 380 lakh more than the disbursement during the corresponding period in 1986. The target in respect of T.L component of the Agriculture sector was also achieved. A scheme wise analysis showed that the achievement under the head "Minor Irrigation" and "Rubber Plantation" was above 100 per cent; While the credit absorption under "Equipment loans" was 29 per cent and under "Coconut Development" was only 10 per cent. A considerable portion of the credit required for Coconut development is for irrigation facilities like Wells, Pump sets etc. This has contributed to this incredibly low performance under Coconut Development." Further there was lack of demand for funds for this scheme under the sub-sector for activities allied to Agriculture, the credit disbursement under Dairy Schemes had been 97 per cent and the disbursement of credit for poultry farm was 44 per cent. The performance under other activities like Apiary, Biogas and Fisheries has been below 25 per cent which is quite poor especially considering the scope for activities like fisheries in the district.

Credit made available towards T.L for small scale industries during the 9 month period itself has been over 100 per cent of the annual target. This is a highly encouraging trend. During the previous years, the credit disbursement to this sub sector has not been as good as in 1987. The credit

absorption under Light and General Engineering Industries had been exceptionally good (see table 4-27).

Table 4-27 SECTORWISE, SCHEME WISE ACHIEVEMENT AS ON 30-9-87
(Rupees in Lakh)

SECTOR/SCHEME	WORKING CAPITAL			TERM LOAN		
	TARGET	ACHMT.	%	TARGET	ACHMT	%
1. Agri. Crop Loan	2447.00	2751.43	112	--	--	--
2. Agri. Term Loan				366.86	363.59	99
i. Minor Irrigation				115.38	122.43	106
ii. Coconut Development				24.99	2.47	10
iii. Equipment Loans				95.16	27.3	29
iv. Rubber Plantation				78.12	131.28	168
3. Activities Allied to Agri.				291.44	194.45	67
i. Dairy				100.15	96.79	97
ii. Apiary				10.08	0.56	5
iii. Poultry				53.82	24.10	44
iv. Biogas				77.28	10.43	13
v. Fisheries				16.38	7.87	48
4. S.S.Inds.	295.00	151.50	51	403.00	413.93	103
i. Rubber based	123.80	31.45	25	124.45	81.98	66
ii. Light & Engg.	47.80	5.52	12	62.08	73.24	118
iii. Household & Cottage Ind.	---	6.32	---	62.90	21.41	34
iv. Rural Artisans	---	3.34	---	30.35	9.99	33
5. Small Road & Water Transport Operators				388	463.65	119
i. Bus				88.00	42.19	48
ii. Truck/Mini truck				175.80	76.84	44
iii. Taxi Car/Jeep				99.40	183.70	185
iv. auto rickshaw				15.40	37.17	241
6. Retail Trade	154.40	105.37	68	20.80	99.46	478
7. Small Business	33.60	76.27	226	84.50	171.43	203
8. Prof. & Self Employed	--	16.93	--	127.70	147.04	115
9. Education	--	0.01	--	69.90	3.69	5
10. Housing finance				34.45	0.71	2
11. Consumption Loans	--	0.50	--	10.45	6.66	64
Total Tertiary(5-11)	188.00	199.08	106	735.80	892.64	121
Grand Total	2930.00	3102.01	106	1797.10	1864.61	104

As in the previous years the off-take of Working Capital had been far below the expectation. However, the investment in fixed assets during the year 1987 has been high as reflected by the high quantum of term loan disbursed. This is expected to result in a higher demand for working capital in the coming year. A portion of this increased demand could well be met during the last quarter of 1987 itself.

As was the case during the previous years, the actual credit absorption under tertiary sector has outstripped the targets in the first nine months itself. The major demand has been for Taxi Cars/Jeeps. Further the credit provided for purchase of autorickshaw has also been above the quantum earmarked for the purposes can be seen from Table (4-27).

4.5.5.3. block wise Analysis:

For the block wise analysis data on advances could be collected for the first nine months only. Kaduthuruthy block alone could achieve their overall targets within the first 9 months of the AAP. A sector wise analysis showed that the service sector was able to have a much better performance. Its achievement was 17 per cent over the targets fixed while in the case of the primary & secondary sector the achievement was below the targets. These sectors could reach only 80 per cent and 60 per cent respectively of the targets.

TABLE 4-28
BLOCKWISE PERCENTAGE OF ACHIEVEMENTS TO OUTLAYS FOR THE YEAR 1987.

BLOCK	PRIMARY SECTOR			SECONDARY SECTOR			TERTIARY SECTOR			TOTAL		
	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE	TARGET	ACHIEVEMENT	% AGE
ERATUPETTA	21,629.00	20,325.00	93.97	2,180.00	1,279.00	58.67	4,438.00	4,602.00	103.70	28,247.00	26,206.00	92.77
ETTUMANOOR	19,931.00	10,047.00	50.41	2,405.00	3,025.00	125.78	4,998.00	4,852.00	97.08	27,334.00	17,924.00	65.57
KANJIRAPALLY	20,105.00	19,862.00	98.79	1,865.00	1,028.00	55.12	4,171.00	3,328.00	79.79	26,141.00	24,218.00	92.64
KADUTHURUTHY	23,538.00	28,308.00	120.27	4,000.00	1,848.00	46.20	5,616.00	7,383.00	131.46	33,154.00	37,539.00	113.23
LALOM	20,110.00	15,704.00	78.09	3,733.00	2,389.00	64.00	5,086.00	4,860.00	95.56	28,929.00	22,953.00	79.34
MADAPALLY	33,128.00	28,108.00	84.85	7,190.00	3,467.00	48.22	7,715.00	11,552.00	149.73	48,033.00	43,127.00	89.79
PALLON	35,846.00	24,123.00	67.30	14,635.00	5,105.00	34.88	13,039.00	19,505.00	149.59	63,520.00	48,733.00	76.72
PAMPADY	20,528.00	11,303.00	55.06	1,810.00	1,395.00	77.07	4,697.00	4,568.00	97.25	27,035.00	17,266.00	63.87
UZHAYOOR	23,976.00	21,138.00	88.16	2,445.00	1,397.00	57.14	14,375.00	10,606.00	73.78	40,796.00	33,141.00	81.24
VAIKOM	20,669.00	14,188.00	68.64	2,185.00	2,165.00	99.08	4,025.00	10,162.00	252.47	26,879.00	26,515.00	98.65
VAZHOOOR	24,990.00	19,715.00	78.89	3,365.00	1,462.00	43.45	5,786.00	5,387.00	93.10	34,141.00	26,564.00	77.81
TOTAL	264,450.00	212,821.00	80.48	45,813.00	24,560.00	53.61	73,946.00	86,805.00	117.39	384,209.00	324,186.00	84.38

Source: data collected from the branches of various banks.

It was seen that there were disparities in the performance of the various blocks within the sectors. The block wise disparity was higher in the secondary and service sectors with a coefficient of variation of 40 each, while in the case of the primary sector the variation was comparatively lower (24) (see table 4-28).

4.6 APPRAISAL OF THE PERFORMANCE UNDER THE THIRD ROUND OF DISTRICT CREDIT PLAN

The third round of DCP originally envisaged to cover a three year period from 1983 to 1985 was prepared by the lead bank based on the revised guidelines issued by the RBI. However following the Sharma Committee recommendations the DCP was terminated in Dec. 1983. The period 1984 to 1987 had only AAPs prepared and the fourth round of the DCP was put into operation only in 1988.

Although AAP's are to be annual breakups of the DCP, in the case of the third round, there was no credit plan for the entire plan period. Each of the AAPs were to be prepared based on the District Development Plan as per the guidelines issued by RBI from time to time. In the absence of District Development plan these were to be prepared according to the priorities laid down in the national plans and on going government sponsored programmes for development. The targets were to be fixed taking into consideration the above points in addition to the resource position, development potential of the area and past performance of the financial institutions.

A review of all the AAP's together in the third round of the DCP was done to see whether there was any trend in the inter-sectorial, inter-block, inter-bank variation found in the AAP's.

4.6.1. Inter Sectorial Variation

On the whole it was seen that the banks were able to achieve their targets in all the sectors other than in the secondary sector. Out of the five AAPs studied, the 1985 AAP alone showed a satisfactory level of performance in this sector. But it was seen that the targets for all the sectors in 1985 was lower than the targets in the previous year. It also showed that in most of the years the performance of the service sector was more than double the level of targets. (See table 4-29). The performance of the banks in the agricultural sector was also above the targets in all the years.

Table 4-29
SECTORWISE DISTRIBUTION OF TARGETS AND ACHIEVEMENT PERCENTAGE DURING THE PERIOD 1983-87

YEAR	1983		1984		1985		1986		1987	
	TARGETS	% ACHIEV.	TARGETS	% ACHIEV.	TARGETS	% ACHIEV.	TARGETS	% ACHIEV.	TARGETS	% ACHIEV.
CROP LOAN	1,480.56	105.00	1,635.92	116.00	1,516.80	154.00	1,920.00	174.87	2,447.00	112.40
AGRI TERM LOAN	339.35	196.00	422.95	131.87	327.89	117.00	500.00	157.27	658.30	84.76
SSI TERM LOAN	266.30	78.00	316.32	119.70	251.88	133.20	403.00	90.15	403.00	102.71
SSI W C	214.61	39.00	297.79	50.80	182.95	132.40	295.00	64.74	295.00	51.36
SERVICE T L	199.06	284.00	282.84	305.25	174.57	262.40	441.00	227.87	735.00	121.31
SERVICE W C	44.16	131.00	57.17	210.46	57.95	228.90	110.00	212.87	188.00	105.89

Among the various groups of banks, SBT, Other Public Sector banks and the Co-operatives exceeded the overall

targets in all the years(See Table 4-30). The performance of the Private sector banks were below the targets during 1983 and 1985; while the SBI failed to achieve the overall targets in three out of the five year (i.e. 1983, 1985 and 1987), inspite of the fact that the targets had been reduced in 1985. The highest variation in the percentage of achievement was noticed in the case of the Private Sector banks(40.44) and the least variation was noticed in the case of the Other Public Sector banks (7.94) (See Table 4-30).

Table 4-30
DISTRIBUTION OF GROUPS OF BANKS ACCORDING TO ACHIEVEMENT
PERCENTAGES DURING THE PERIOD 1983 - 1987

YEAR	1983	1984	1985	1986	1987	C.V.
SBT	121.15	140.45	175	184	181.58	15.66
SBI	98.22	97.38	118.9	115	92.61	10.84
OTHER PUB.SEC	130.03	139.62	144.32	152	120.85	7.94
PVT. SEC. BKS	58.11	109.61	83.14	175.6	180.6	40.49
CO-OPERATIVES	162.94	131.16	154.29	157.2	106.47	14.73

It may be seen from table (4-31) that, in the agricultural sector crops loans, the SBT, Other Public Sector banks and the Co-operatives were able to perform well above the targets in all the years.

TABLE 4-31
BANK GROUP WISE ACHIEVEMENT PERCENTAGE IN RELATION TO
TARGETS IN RESPECT OF CROP LOANS FOR THE PERIOD 1983-87

YEAR	1983	1984	1985	1986	1987	C.V
SBT	111.00	127.00	162.57	171.90	206.24	23.74
SBI	18.00	86.00	65.25	120.70	66.82	46.71
OTHER PUB.SEC BK	124.20	161.41	143.80	195.95	176.65	15.56
PVT. SEC. BKS	21.49	44.49	63.01	328.00	302.05	88.38
CO-OPERATIVES	126.00	122.00	160.50	158.80	106.52	15.84

It was seen that the coefficient of variation between the five years was lowest(15.6) for Other Public Sector banks reflecting lower degree of variation than other groups of banks. It may be pointed out that the highest year to year variation was noticed in the case of the private sector banks (88.38). It could be seen that the private sector banks could achieve its targets in the term loans part of Agricultural Sector only during 1986 and 1987.

In the case of the secondary sector it was seen that none of the groups were able to achieve their targets consistently (See table 4-32). The Other Public Sector banks could achieve the targets in all but one year (1983).

TABLE 4-32
BANK GROUP WISE ACHIEVEMENT PERCENTAGE IN RELATION TO TARGETS IN
RESPECT OF SECONDARY SECTOR TERM LOANS FOR THE PERIOD 1983-87

YEAR	1983	1984	1985	1986	1987	C.V
SBT	59.00	205.00	171.47	171.50	275.06	39.59
SBI	52.00	73.00	81.94	57.20	121.40	31.92
OTHER PUB.SEC BK	107.80	77.96	91.70	69.40	96.82	15.35
PVT. SEC. BKS	85.00	80.66	58.89	28.00	65.33	31.78
CO-OPERATIVES	85.00	167.00	114.59	29.30	246.89	57.61

In the case of the service sector the trend was the other way. All groups except the Co-operatives could achieve the targets in the T.L. part of this sector. The data thus reveals that the over achievement in the service sector was mainly at the cost of the Secondary Sector, in respect of all financial institutions other than the Co-operatives. (See Table 4-33).

YEAR	1983	1984	1985	1986	1987	C.V
SBT	360	293	368	282	142	28.00
SBI	293	215	184	155	192	22.32
OTHER PUB.SEC BK	358	334	289	256	163	24.33
PVT. SEC. BKS	150	315	119	152	241	36.88
CO-OPERATIVES	722	74	90	114	19	127.94

It was seen that all the groups of banks other than the Co-operatives have done very well under this sector. In most of the years the performance was two fold. But in the case of the Co-operatives the performance was erratic. This has lead to the high Coefficient of variation for this group (127.94).

Table 4-34

BANK GROUP WISE ACHIEVEMENT PERCENTAGE IN RELATION TO TARGETS IN RESPECT OF SECONDARY SECTOR WORKING CAPITAL LOANS FOR THE PERIOD 1983-87

YEAR	1983	1984	1985	1986	1987	C.V
SBT	50.00	44.00	133.13	105.80	125.93	41.06
SBI	36.00	71.00	115.94	60.20	54.13	39.6
OTHER PUB.SEC BK	59.30	51.75	70.99	27.00	23.88	39.38
PVT. SEC. BKS	131.70	62.80	87.58	58.00	45.81	39.47
CO-OPERATIVES	00.00	00.00	276.70	102.70	140.16	98.86

The SBT and the Co-operatives alone could perform well in the W.C. part of the Secondary Sector in all except two years. (See Table 4-34). Nevertheless, it could be seen that the co-operatives did not make any advance at all in the first two years of the third round under this sector.

Table 4-35
BANK GROUP WISE ACHIEVEMENT PERCENTAGE IN RELATION TO TARGETS
IN RESPECT OF AGRIL. TERM LOANS FOR THE PERIOD 1983-87

YEAR	1983	1984	1985	1986	1987	C.V
SBT	122	137	110	151	145	11
SBI	275	86	160	75	85	56
OTHER PUB. SEC BK	102	175	221	234	80	38
PVT. SEC. BKS	32	37	76	122	116	49
CO-OPERATIVES	455	297	94	173	95	62

In the Agriculture T.L portion only the SBT could achieve the targets in all the years. The performance of the Co-operatives and Other Public Sector banks were also found to be generally good (See Table 4-35. In the case of the Co-operatives there was high year to year variation found as is revealed by the high Coefficient of Variation (62).

Thus from the above analysis it was seen that the Service Sector the performance was about two fold (See Table 4-29). In the case of the Co-operatives high year to year variation was observed. In the W.C. part of this sector highest average performance was for SBT. But the year to year variation as shown by the Coefficient of Variation was high (52.7). It was also seen that the Achievements of Other Public Sector Banks in this part were very much below the targets in all the years. Discussions with the Lead Bank Officer and the District Coordinators revealed that the banks were not very much concerned about the sectorial targets. They had been rather guided by the aggregate target of 40 per cent of the total advances to be given to the priority sectors; compliance of which alone the RBI insisted upon.



Block wise Review :

Block wise data were available only for three years 1985, 1986, and 1987. It could be seen from Table 4-36 that Kaduthuruthy Block alone could achieve the targets in all the years consistently. The performance of the Vaikom Block came next to this in as much as their shortage was only marginal. At the other extreme some of the blocks like Lalom, Pampady and Vazhoor could not realise the aggregate targets in any of the three years. This is a reflection of the extreme variation in the block wise performance. However, the data shows that the co-efficient of variation between the different blocks had been coming down during the study period from 39.6 in 1985 to 16.3 in 1987.

Table 4-36

BLOCK WISE ACHIEVEMENT IN RELATION TO TARGETS FOR THE PERIOD 1985-87

(Figures in brackets are in percentages)

BLOCKS	1985	1986	1987
Krattupetta	3497 (50.60)	21057 (104.10)	26206 (92.77)
Ettumanoor	9678 (93.23)	22284 (113.07)	17924 (65.57)
Kanjirapally	13214 (147.18)	26089 (212.43)	24218 (92.64)
Kaduthuruthy	13455 (109.41)	26698 (107.66)	37539 (113.23)
Lalom	10082 (77.44)	25707 (70.51)	22953 (79.34)
Madapally	16401 (89.82)	31310 (101.82)	43127 (89.79)
Pallon	41268 (181.84)	39320 (78.24)	48733 (76.72)
Pampady	6386 (67.62)	13574 (60.46)	17266 (63.87)
Ozhavoor	16094 (176.97)	30084 (125.05)	33141 (81.24)
Vaikom	9514 (134.66)	20097 (95.62)	26515 (98.65)
Vazhoor	10113 (85.71)	25297 (95.87)	26564 (77.81)
C.V.	(39.60)	(36.00)	(16.30)

In order to assess the relative performance of the various groups of banks under the different sectors scoring technique was used. The performance score of a bank for each sector has been worked out as the ratio of achievements of targets. Those banks which have achieved their targets cent percent naturally get a score of one and those which failed to achieve their targets normally got a score below one and the score for over achievement, exceeded one. The average of the five years was taken as to indicate a banks overall performance. The analysis showed that in the Agriculture Sector crop loans the best average performance score was for the group Other Public Sector Banks (1.6) (See Table 4-37). The SBT was close behind with a score of 1.56. In the Agriculture Sector Term Loans the Co-operatives (2.23) had the highest performance rank followed by the Other Public Sector Banks. But it was seen that the performance of the Co-operatives was not uniform over the years as indicated by the C.V (62) (See Table 4-35). But the C.V of other Public Sector Banks were lower at 38. It was seen that the SBT had a relatively consistent performance as indicated by the co-efficient of variation (11). It was also seen that the performance score was poor for the Private Sector Banks (0.76) in the primary sector term loans.

Table 4-37

SECTOR WISE BANK GROUP WISE AVERAGE PERFORMANCE SCORE

BANK GROUP	CROP LOANS	AGRI.T.L	SSI.T.L	SSI.W.C	SERVICE.T.L	SERV.W.C.	OVERALL
SBT	1.56	1.33	1.76	1.92	2.89	1.97	1.60
SBI	0.71	1.36	0.77	0.67	2.08	4.09	1.04
OTHER PUB.SEC.BKS	1.60	1.62	0.89	0.47	2.81	0.64	1.37
PVT. SECTOR BANKS	1.52	0.76	0.64	0.77	1.96	1.27	1.21
CO-OPERATIVES	1.35	2.23	1.29	1.04	2.04	---	1.42

In the secondary sector Term Loans SBT had the highest performance score (1.76) followed by the Co-operatives. The Private Sector Banks had the lowest score (0.64). In the working capital portion of this sector, only the Co-operatives achieved their targets and a score of 1.04. The least performance score was seen for the Other Public Sector Banks (0.47).

In the Service Sector Term Loans all the groups were having a score of more than one. Further a score of more than two indicating the very high achievement in this particular sector. This trend was noticed in the working capital portion of this sector also.

A group wise ranking for all the sectors taken together showed a very satisfactory position. All the groups were able to perform well above their targets. This only goes to show that the banks have taken care to see that their priority sector lending on the whole come up to the

level expected by RBI. Here it may be said that while the RBI was strict in seeing that the total priority sector lending of the banks reach 40% of their total advances it was not insisting upon the sector wise advances. This together with the limited authority of the lead banks in making the banks adhere to the target fixed for them has caused these major lopsidedness in lending to certain sectors by the individual banks.

Summary and Conclusion

CHAPTER V

SUMMARY AND CONCLUSIONS

The lead bank scheme was introduced in 1969 with a view to assigning each bank a district to act as pacesetters for development of banking and credit in the allocated districts. One of the functions of the lead bank was to prepare the DCP and AAP. The RBI issued guidelines from time to time for the preparation of the DCP and AAP. Even though several evaluation studies have been taken up on the lead bank scheme, no in-depth study at the district and block level has so far been taken up to examine the various aspects of the functioning of the DCP and AAP in particular.

~~_____~~
~~_____~~ Hence an in-depth analysis of the various aspects of the programme has been carried out in the present study with the following objectives:-

1. To evaluate the process of formulation and implementation of the District Credit Plan.
2. To examine the comparative performance of the Co-operative and commercial banks in implementing the District Credit Plan.
3. To assess the extent of coordination between the financial institutions and development departments of the district in formulating and implementing the scheme.

4. To assess the inter bank, inter sectorial and inter block disparities in lending compared to the targets.

The study was conducted in the Kottayam district of Kerala State. The study had employed primary and secondary data collected from the lead bank and other participating banks to assess the process of formulation and extent of inter bank, inter sectorial and inter block disparities. The banks were classified into 5 groups and a sample of eight banks were chosen for detailed interview of its district coordinators. The data for the analysis in respect of the banks were collected from each of the bank district coordinators and in its absence from the concerned branches directly. The details of targets were collected from the DCP and AAP documents prepared by the lead bank. The data from the district coordinators were also collected using a structured and pre-tested interview schedule. Analysis of the data was done by employing percentages, correlation coefficient, rank correlation, coefficient of variation, regression and scoring techniques. Some of the banks were left out from the analysis as the data pertaining to some of their branches were not available even with the best of efforts.

The main findings of the study are as follows:-

1. The formulation of systematic and realistic DCP was constrained by the absence of a district development plan.

2. The lack of adequate coordination with the development departments on the one side and the absence of a bench mark survey for the preparation of the DCP on the other had made the DCP a loose compendium of the development plans collected from different departments. It was not based on rational or scientific estimates of credit requirements for each sector and block as per a development plan.

3. The extent of coordination between the banks and the development departments were often limited to (a) the attendance in the DCC meetings and other forums constituted for the functioning of the lead bank scheme and (b) sponsoring of applicants for some of the programmes coming under IRDP and SEEUY etc.

4. The much needed coordination between development departments and the banks were conspicuous by its absence. The DCC could not effectively enforce its decisions as the system of coordination was very weak. It was seen that only DRDA was involving itself in all the stages of implementation of the DCP.

5. The lack of adequate staff strength both for the banks and the development departments to take up the additional work involved in the implementation of the DCP and AAP was found to be another factor which lead to its less than perfect implementation.

6. From the analysis of the DCP and AAP document it was

seen that adequate attention was not given for fixation of targets or in the performance of the the co-operative sector banks. The primary agricultural credit societies and the banks and the Primary Agricultural Development banks were not considered while fixing the targets for the priority sector lending's of the Co-operatives under the DCP and AAP. This should not have happened as the Co-operatives being nearer to the people should have better understanding of the area and has resources which should be utilized for the development of priority sectors in the areas of their operation. This can be ensured only by including them as participating institutions with definite targets.

7. The analysis of the achievements revealed, high inter bank, inter sectorial and inter block disparities. (a) It was seen that the lead bank which is to make an assessment of the implementation of the DCP and AAPs have never made an effort to study the performance under the plan in each of the blocks. (b) The importance that RBI had given in its directives for the monitoring of the scheme's implementation in the rural branches were not given heed to by the lead bank. It was seen that only a general monitoring of the schemes implementation at the bank level was done. (c) Too much importance was being placed on the traditional sectors (Service Sectors) even though the sub committee for preparation of targets had cautioned against this tendency. (d) The co-efficient of variation between the primary, secondary, and tertiary sectors were 58.23 in 1983, 52.32 in

1984, 34.80 in 1985, 42.80 in 1986 and 23.67 in 1987 indicating the sector wise variation. (e) The co-efficient of variation between different sectors of the five different groups were still higher. Thus, the co-efficient of variation was 83 for SBT, 88 for SBI, 92 for other Public Sector Banks in 1983 alone, indicating the bank wise disparity. Inter-block disparities as measured by the co-efficient of variation was 39.6 in 1985, 36 in 1986 and 16.30 in 1987. An extend of decline in the disparities between blocks were thus noticed.

8. The spearman's rank correlation showed that there was no significant relationship between targets and the percentage of achievements under the AAPs except for the year 1986 when it was found to be significant.

9. The claim of the District Co-ordinators that past performance decided the targets for the succeeding years, was invalidated. Further, it also goes to indicate the fact that the basic data on which the AAP was made were arbitrarily taken without any scientific assessment. The correlation coefficient and regression coefficients between the percentage of achievement of the previous year and the growth rate in the targets did not show any significant relationship except in the case of SBT, and even in their case when regressed, it was found to be not a good fit.

Conclusion:-

The high co-efficient of variation between the sectors for the different groups of banks implies that the banks have not bestowed adequate attention for attaining sector wise targets. The fact that most of the banks have achieved their overall targets strengthens this conclusion. The claim of the banks that there was lack of adequate demand for credit in certain sectors also implies lack of systematic efforts for credit planning at the district level. It clearly reflects the adhoc approach for credit requirement estimate adopted by the DCC and the lead bank and the inappropriateness of the criteria adopted for fixation of the targets especially the sector wise outlays. Hence high degree of disparity was the outcome of reallocation of the overall targets by banks between different sectors as per their convenience, discretion and corporate goals. Hence both the DCP and AAPs turned out to be more of adhoc estimates which resulted in haphazard progress in credit deployment.

It is surprising to ^{note} that no effort was made to collect block wise data either for preparation of targets or for monitoring of the block wise performance. Frequent changes made in the targets fixed for the various schemes by the government agencies had made the exercise of fixing the targets under the various government sponsored programmes difficult. Further, the responsibility for fixing the block wise targets were given to the district coordination of each

of the participating banks. Hence they were constrained to fix the targets partly on experience and partly on personal judgements in the absence of a sound and rational system to depend upon.

Corrective step:-

As the DCPs were seen to be less realistic due to structural and operational constraints of the DCP, the RBI has revised the district credit planning process itself within the frame work of the Service Area Approach. The main advantage of this system is the location specific credit planning where the branch managers of each branch are directly involved in the branch target planning and allocation. The aggregation of such plans make it more relevant and systematic. Moreover, the branch managers are involved both in the planning and implementation of this credit plan which make them more responsive and responsible. Still the system is bound to be less effective as the major weakness of the system is not corrected and continues to be the lack of decentralized development planning. Mere credit planning alone without a district or block development plan will go no where in improving the economy of the district in the desired direction. It is expected that the phased introduction of the District level decentralised planning during the 8th plan will go a long way in removing this major lacuna. It may thus be concluded that though grass root level credit planning at the branch level is highly

essential and desirable. it will lack much of its relevance unless it is integrated within the frame work of a Block Development Plan and a District Development Plan.

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Appendices

INTERVIEW SCHEDULE

1. Do you attend all the DCC meetings ?
2. What were the criteria followed for allocation of targets at the DCC ?
 - a. Between banks?
 - b. Between sectors for a bank?
 - c. Between blocks ?
3. What is the procedure followed for allocation of targets at the DCC ?
4. Who fixes the targets for the branches ?
what is the criteria ?
5. Are the local requirements & potentials looked into ?
How is it assessed ?
6. Did you feel that the targets are beyond your reach ?
7. How are IRDP targets fixed for the bank ?
Is it equally divided ?
8. What are the items covered under others category ?
9. Has the branches or head office any right to make modifications in the targets fixed ?

If yes, give details.

10. What is the methodology employed for preparation of performance budgets ?
What all criteria are generally followed?
11. How is it linked with DCP ?
12. Do the branches report current disbursements or outstandings at the end of the period ?
13. Do you insist on schemewise and sectorwise progress report ?
14. Do the branches provide data in the prescribed format ?
15. Is this data adequate for monitoring the progress ?
16. What action had been taken when a branch fails to achieve the targets ?
17. What effort was made when shortfalls have been noticed in certain sectors ?
18. What reason would you attribute for lower achievements in the SSI and higher achievements in the tertiary sector?
Low achievement for Coconut & High achievement for Rubber Plantations ?
19. How was monitoring done ?
20. What were the short comings noticed by you in implementing the DCP ?
 - a. Conceptual weakness
 - b. Operational weakness
 - c. Structural weakness.

ANNUAL ACTION PLAN 1983 - PROGRESS REPORT AS ON 31.12.1983 - KOTTAYAM DIST.

BANKS	INDUS. W/C			SERVICES TERM LOAN			SERVICES W/C		
	Target	Achvmt.	%age	Target	Achvmt.	%age	Target	Achvmt.	%age
Bank of Baroda	3.27	-	-	0.51	9.87	1935	0.63	-	-
Bank of India	1.71	2250	146	0.88	5.55	631	0.41	-	-
Canara Bank	13.10	5.31	41	3.81	33.61	882	0.91	0.66	7
Central Bank of India	9.77	4.40	45	7.53	52.61	699	1.37	1.70	12
Corporation Bank	3.30	-	-	3.24	9.38	290	1.56	0.07	-
Indian Bank	2.90	1.40	48	4.35	3.35	77	3.10	0.20	-
Indian Overseas Bank	2.90	1.00	34	2.32	1.15	50	0.56	-	-
New Bank of India	0.99	1.35	136	3.74	0.32	9	0.96	0.82	8
Syndicate Bank	11.72	8.05	69	10.60	30.17	285	5.73	8.19	143
Union Bank of India	2.96	0.65	22	3.04	10.53	346	2.46	0.25	10
Vijaya Bank	0.99	1.20	121	3.74	0.45	12	1.13	1.20	10
State Bank of India	4.45	1.60	36	5.41	15.85	293	0.85	1.40	16
State Bank of Travancore	59.65	30.11	50	43.95	158.01	360	10.14	29.18	28
Bank of Madura Limited	0.99	20.15	2035	4.05	4.75	117	0.42	0.70	16
Bank of Cochin Limited	10.71	-	-	11.80	8.19	70	1.38	0.45	3
Dhanalakshmi Bank Limited	1.59	0.15	9	3.24	5.56	171	0.62	1.40	22
Lord Krishna Bank Limited	3.96	0.60	15	2.32	3.01	131	0.30	0.30	10
Catholic Sy. Bank Limited	18.50	-	-	15.03	46.91	312	3.08	0.25	3
Federal Bank Limited	26.52	2.70	10	33.63	51.75	154	2.33	4.25	18
Nedungadi Bank Limited	1.00	-	-	4.53	4.566	101	0.65	-	-
Parur Central Bank Limited	0.89	0.05	6	1.15	0.58	50	0.11	0.53	47
South Indian Bank Limited	17.54	1.41	8	14.95	13.29	89	4.88	5.73	11
Vysya Bank Limited	1.98	1.47	74	2.32	1.85	80	0.58	0.75	12
Dist. Co-op. Bank Limited	13.22	-	-	12.92	93.27	722	-	-	-
Kerala Financial Corpn.(Kottayam)	-	-	-	-	-	-	-	-	-
K.C.C.L.M. Bank Limited	-	-	-	-	-	-	-	-	-
T O T A L	214.61	84.10	39	199.06	564.57	284	44.16	58.03	10

NOTE:- Achievement figures of K.F.C. (Kottayam) is for six months ending JUNE 1983 only.

T T A Y A M D I S T R I C T

(Amt. in lakhs of Rs.)

BANKS	AGRI. CROP LOAN			AGRI. TERM LOAN			INDUS. TERM LOAN		
	Target	Achvmt.	%age	Target	Achvmt.	%age	Target	Achvmt	%age
Bank of Baroda	4.60	0.32	7	1.31	1.22	95	3.54	0.70	20
Bank of India	-	0.91	-	0.57	0.25	44	3.50	0.25	7
Canara Bank	22.19	79.40	358	9.70	8.04	82	9.41	16.10	171
Central Bank of India	58.68	82.25	140	6.90	16.64	241	10.38	6.37	61
Corporation Bank	3.00	-	-	1.27	2.33	183	3.98	0.40	10
Indian Bank	5.00	1.25	25	0.42	0.33	79	8.61	11.08	129
Indian Overseas Bank	3.60	2.44	68	0.42	0.78	186	8.00	-	-
New Bank of India	-	-	-	0.57	0.16	28	1.10	0.20	18
Syndicate Bank	46.68	8.65	19	25.34	16.81	68	14.19	39.64	279
Union Bank of India	8.00	12.74	159	1.25	2.24	179	6.00	1.95	33
Vijaya Bank	-	-	-	-	-	-	5.00	2.75	55
State Bank of India	30.91	5.70	18	12.36	34.00	275	11.84	6.10	52
State Bank of Travancore.	349.85	387.66	111	74.99	91.52	122	70.81	41.82	59
Bank of Madura Limited	-	-	-	0.57	-	-	2.00	-	-
Bank of Cochin Limited.	47.90	19.04	40	8.51	2.31	27	8.43	2.00	24
Dhanalakshmi Bank Limited	8.00	0.07	-	1.05	0.61	58	0.75	0.26	35
Lord Krishna Bank Limited	4.00	1.05	26	3.87	1.51	39	1.86	0.67	36
Catholic Sy. Bank Limited	62.30	3.87	6	16.77	2.62	16	10.56	7.54	71
Federal Bank Limited	33.17	16.88	51	25.59	10.82	42	20.39	7.15	35
Nedungadi Bank Limited	-	-	-	0.57	0.02	4	0.83	20.50	2470
Parur Central Bank Limited	1.00	0.17	17	0.67	0.40	60	0.66	-	-
South Indian Bank Limited	47.90	2.77	6	8.59	2.94	34	13.63	14.32	105
Vysya Bank Limited	-	0.05	-	0.57	0.10	18	2.60	0.15	6
District Co-op. Bank Ltd.	723.78	910.40	126	12.69	295.20	2326	10.23	8.66	85
Kerala Fin. Corpn.(Kottayam)	-	-	-	-	-	-	38.00	17.78	47
K.C.C.L.M.B.Limited	-	-	-	64.80	57.37	89	-	-	-
U N A L L O C A T E D	20.00	-	-	60.00	-	-	-	-	-
T O T A L	1480.56	1535.62	105	339.35	548.22	196	266.30	206.39	78

Note:- Achievement figures of K.F.C. (Kottayam) is for 6 months ending June 1983 only.

/Contd..2/

ANNUAL ACTION PLAN - 1984

APPENDIX - III

BANKWISE, SECTORWISE ACHIEVEMENT

(KOTTAYAM DISTRICT)

AS ON 31-12-1984

(Amount in lacs of Rupees)

BANK	Agri. Crop Loan			Agri. Term Loan			Indus. Term Loan			Indus. W/Cap.		
	Target	Achvmt.	%-age	Target	Achvmt.	%-age	Target	Achvmt.	%-age	Target	Achvmt.	%-age
State Bank of India	36.31	31.25	86	28.46	24.40	86	14.33	10.48	73	12.71	9.07	71
State Bank of Travancore	414.45	524.28	127	85.11	116.54	137	41.44	85.01	205	72.50	32.11	44
Bank of Baroda	3.74	0.36	10	2.48	0.97	39	5.33	2.06	39	5.02	-	-
Bank of India	-	-	-	0.65	0.91	140	1.20	1.11	93	2.62	1.17	45
Canara Bank	24.34	109.54	450	10.40	10.01	96	19.14	13.45	70	20.10	8.60	43
Central Bank of India	63.15	81.29	129	15.43	24.06	156	15.78	12.20	77	15.00	3.75	25
Corporation Bank	1.80	13.78	765	2.16	35.82	1658	8.98	7.27	81	5.06	4.33	86
Indian Bank	4.25	1.70	40	1.48	3.67	248	13.94	2.54	18	8.48	6.15	73
Indian Overseas Bank	3.50	6.32	181	1.48	1.56	105	12.02	2.82	23	4.48	0.90	20
New Bank of India *	-	0.06	-	0.65	0.46	71	1.65	0.40	24	3.52	1.30	37
Syndicate Bank	48.35	13.10	27	20.45	17.15	84	18.32	35.92	196	15.99	14.72	92
Union Bank of India	10.00	14.57	146	3.44	7.35	214	3.51	2.38	68	4.48	-	-
Vijaya Bank	-	-	-	-	-	-	5.01	0.73	15	4.01	3.20	80
Bank of Cochin Ltd.	42.88	13.42	31	20.86	3.45	17	11.67	0.15	-	15.44	-	-
Bank of Madura Ltd.	-	-	-	0.33	0.21	64	3.00	0.25	8	1.52	-	-
Catholic Syrian Bank Ltd.	68.88	11.03	16	28.26	4.34	15	14.87	2.62	17	25.39	-	-
Dhanalakshmi Bank Ltd. *	8.00	0.02	-	3.21	1.01	31	1.13	1.02	90	1.42	-	-
Federal Bank Ltd.	38.46	27.79	72	31.88	13.44	42	28.64	13.65	48	36.70	3.15	9
Nedungadi Bank Ltd.	-	-	-	0.33	0.39	118	1.25	0.17	14	1.52	-	-
Lord Krishna Bank Ltd.	5.00	1.54	31	4.47	2.36	53	1.79	5.23	292	3.08	0.70	23
Parur Central Bank Ltd.	1.25	0.05	4	0.77	0.43	56	0.49	1.25	255	0.52	-	-
South Indian Bank Ltd.	34.88	4.93	14	28.42	6.20	22	15.48	23.53	152	20.92	6.07	29
Vysya Bank Ltd.	-	0.08	-	1.65	0.46	28	2.91	0.18	6	2.03	0.13	6
District Co-op. Bank Ltd.	834.68	1021.12	122	50.00	148.49	297	-	25.15	-	15.35	-	-
Urban Co-op. Bank Ltd.	-	-	-	-	-	-	15.02	-	-	4.87	-	-
K.C.C.L.M. Bank Ltd.	-	-	-	78.44	120.89	154	-	-	-	-	-	-
K.F.C.	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL:-	1643.92	1876.23	114	420.81	544.57	129	319.10	362.53	114	302.73	95.35	31

* indicate figures of June 1984

ANNUAL ACTION PLAN - 1984.

BANKWISE, SECTORWISE ACHIEVEMENT

APPENDIX - III

(Page - 2)

(KOTTAYAM DISTRICT)

AS ON 31-12-1984

(Amount in lacs of Rupees)

BANK	Services Term Loan			Services Working Capital		
	Target	Achievement	%-age	Target	Achievement	%-age
State Bank of India	7.27	15.60	215	1.57	7.20	459
State Bank of Travancore	71.80	210.60	293	14.85	14.34	100
Bank of Baroda	1.19	10.22	859	1.22	-	-
Bank of India	4.18	5.38	129	0.47	-	-
Canara Bank	10.12	56.15	555	3.14	3.94	125
Central Bank of India	11.12	75.97	683	3.56	1.77	50
Corporation Bank	4.85	6.89	142	1.78	0.19	11
Indian Bank	3.84	9.86	257	1.54	0.38	25
Indian Overseas Bank	3.11	3.71	119	0.64	0.02	3
New Bank of India *	3.03	0.99	33	1.10	0.15	14
Syndicate Bank	14.24	40.87	287	11.51	3.90	34
Union Bank of India	5.03	10.53	209	2.81	1.30	46
Vijaya Bank	8.26	0.70	9	1.29	0.14	11
Bank of Cochin Ltd.	15.21	5.86	37	9.57	0.98	10
Bank of Madura Ltd.	5.44	0.40	7	0.48	-	-
Catholic Syrian Bank Ltd. *	22.20	31.52	142	5.54	-	-
Dhanalakshmi Bank Ltd. *	5.37	3.95	74	0.71	-	-
Federal Bank Ltd.	45.15	78.55	174	8.68	1.40	16
Nedungadi Bank Ltd.	6.09	0.94	15	0.74	-	-
Lord Krishna Bank Ltd.	4.09	8.20	200	5.47	0.60	11
Farur Central Bank Ltd.	2.05	0.26	13	1.13	0.85	75
South Indian Bank Ltd.	22.09	73.10	331	14.57	21.12	145
Vysya Bank Ltd.	4.12	3.88	95	0.66	0.20	30
District Co-op. Bank Ltd.	4.07	8.04	198	-	-	-
Urban Co-op. Bank Ltd.	6.72	-	-	-	-	-
K.C.C.L.M?B. Ltd.	-	-	-	-	-	-
K.F.C.	-	11.79	-	-	-	-
TOTAL:-	291.24	673.96	231	93.03	58.98	63

* indicate figures of June 1984

ANNUAL ACTION PLAN - 1986

Appendix - V.

BANKWISE, SECTORWISE ACHIEVEMENT(KOTTAYAM DISTRICT)

(Amount in Lakhs of Rupees)

BANKS	AGRICULTURE				INDUSTRY				SERVICE				TOTAL		Z
	C.Loan Target	C.Loan Achvmt	T.Loan Target	T.Loan Achvmt	W/C Target	W/C Achvmt	T/L Target	T/L Achvmt	W/C Target	W/C Achvmt	T/L Target	T/L Achvmt	Target	Achvmt	
SBT	521.50	896.50	99.80	150.96	81.80	86.57	70.20	120.40	43.20	95.68	150.20	423.87	966.70	1773.98	184
SBI	84.10	101.48	53.80	40.06	26.50	15.94	31.40	17.96	8.10	45.58	34.70	53.94	238.60	274.76	115
BOB	3.50	0.22	3.00	0.57	5.10	9.15	6.60	4.26	1.30	0.10	2.30	16.98	21.80	31.28	143
BOI	1.10	0.49	--	1.55	2.50	0.28	2.00	2.63	1.30	0.30	5.00	7.75	11.90	13.00	109
CAN	34.80	155.15	15.50	33.50	19.30	5.00	21.50	14.37	3.80	6.53	18.90	48.38	113.80	262.93	231
CBI	72.00	72.73	16.80	22.21	20.90	1.37	18.20	20.39	3.90	1.75	20.80	32.12	152.60	150.57	90
COR	5.60	0.44	5.00	7.29	4.70	6.00	5.90	1.54	1.70	2.42	3.10	4.80	26.00	22.49	87
IP	5.40	3.98	3.80	7.05	7.50	0.23	10.60	5.99	1.60	--	3.80	22.20	32.70	39.45	121
IOB	2.80	13.07	1.60	10.50	6.00	1.06	8.60	3.07	1.10	0.53	4.10	15.63	24.20	43.86	121
NBI	0.50	--	0.50	1.72	3.90	--	2.30	0.54	1.00	0.08	3.80	1.91	12.00	4.25	58
SYN	41.00	31.99	19.10	57.13	21.20	2.86	23.90	8.99	6.20	6.51	18.80	64.37	130.20	171.85	172
UBI	11.60	68.17	4.50	4.70	3.30	0.63	3.50	5.70	2.80	0.23	7.90	12.47	33.60	91.90	273
VII	--	3.15	3.10	25.45	3.70	0.25	4.70	2.76	1.50	--	5.40	14.54	18.40	46.15	231
BOM	--	--	0.80	--	1.20	--	1.30	--	0.70	--	5.10	1.39	9.10	1.39	15
CSE	29.00	201.00	26.50	29.08	20.50	14.23	22.30	7.26	6.70	12.12	37.50	62.46	142.50	326.15	229
DNAN	2.70	--	2.50	0.65	2.20	0.52	3.20	0.43	1.10	1.34	5.20	3.78	16.90	9.72	58
FEB	42.80	133.64	30.10	63.74	22.70	8.34	24.80	16.56	7.20	11.87	42.60	154.24	170.20	388.39	228
LEB	3.80	15.03	2.90	0.23	1.70	8.26	2.30	1.29	4.20	22.33	6.40	1.61	21.30	48.75	278
MEB	--	--	0.50	0.22	1.20	--	1.50	0.45	1.80	0.05	4.10	2.13	9.10	2.85	71
PCB	--	--	0.80	0.17	0.70	--	0.90	--	0.50	0.25	1.00	0.08	3.90	0.50	13
SFB	42.00	51.96	30.70	21.98	15.00	7.24	17.20	37.73	9.40	8.43	39.70	36.33	154.00	163.67	186
YDEB	1014.60	1610.82	54.70	56.54	22.30	22.91	33.10	9.71	--	18.00	15.00	17.10	1139.70	1735.08	152
WVSYB	1.20	0.15	1.70	0.61	1.10	0.15	1.80	0.60	0.90	0.98	5.60	3.85	12.30	6.34	52
WVSOBR	--	--	122.30	249.03	--	--	--	--	--	--	--	73.62	122.30	249.03	214
							85.20	89.05					85.20	162.67	191
TOTAL	1920.00	3359.97	500.00	784.94	295.00	190.99	403.00	371.68	110.00	235.08	441.00	1075.55	3669.00	6021.21	164

	TARGET	ACHMT.	TARGET	ACHMT.	TARGET	ACHMT.	TARGET	ACHMT.	TARGET	ACHMT.	TARGET	ACHMT.	TARGET	ACHMT.
SPT	650	1011	130	162.90	85.10	79.72	70.20	152.05	80.50	99.92	302.50	317.52	1318.3	1823.60
SBI	121.25	55.24	45.00	29.73	30.00	6.67	20.00	15.88	20.00	24.82	27.00	36.85	263.25	172.19
BANK OF INDIA	1.10	0.13	6.00	1.09	2.5	.25	3.00	174	1.3	0	6.00	9.02	19.90	12.23
BANK OF BARODAS	4	3.83	6.00	5.75	7.5	.75	10.60	4.87	1.00	.04	6.00	13.02	36.50	28.26
CANARA BANK	50.00	137.80	25.00	20.21	19.30	4.00	21.50	17.43	5.00	6.36	25.00	35.88	145.80	221.68
CENTRAL BANK	80.00	46.88	23.00	13.69	20.90	1.51	16.20	7.96	3.90	3.50	30.00	28.49	176.00	102.03
CORPORATION BANK	4.00	0.21	5.00	1.54	4.00	3.00	3.60	.53	3.00	1.38	5.00	3.33	24.90	9.99
INDIAN BANK	3.00	0.46	5.00	2.22	5.10	0.30	6.60	5.35	1.30	1.36	10.00	9.49	31.00	19.18
INDIAN O.B.	6.00	12.5	4.00	5.62	6.00	---	4.6	4.26	2.00	---	8.00	12.31	32.60	34.59
NEWSPAPER OF INDIA	0.06	1.00	0.28	1.20	0.50	1.50	1.09	1.00	0.7	3.00	1.16	7.70	3.16	
SYNDICATE BANK	40.00	44.54	38.00	21.84	21.20	0.34	17.90	16.54	6.00	5.27	28.00	57.36	151.10	146.19
UNION BANK	16.00	31.95	6.00	5.68	3.30	---	2.50	3.87	2.00	---	10.00	9.67	39.80	51.17
VIJAYA BANK	2.00	7.03	10.00	8.04	3.70	0.50	4.70	1.70	1.50	0.55	10.00	8.79	31.90	26.61
BANK OF MADRAS	---	---	---	1.20	0.15	1.30	---	0.50	0.16	0.50	0.75	3.50	1.06	
D.S.B	50.00	191.85	15.00	8.84	20.50	3.69	22.30	4.22	10.00	12.15	40.00	48.26	157.80	269.01
DWARKA BANK	2.00	---	3.00	0.15	2.20	---	3.2	0.01	2.00	1.08	8.00	21.18	20.40	22.42
FEDERAL BANK	60.00	132.94	45.00	65.30	15.00	10.54	20.80	25.68	10.00	6.02	55.00	138.47	205.00	379.35
LOK KRISHNA	8.00	15.34	2.00	1.31	1.70	0.37	2.30	0.78	7.00	16.59	8.00	1.62	29.00	36.01
NEELGIRI BANK	0.25	---	1.50	0.42	3.00	---	1.80	0.25	1.00	---	2.80	2.72	10.35	3.39
PERF CENTRAL	---	---	0.80	0.11	0.70	---	0.90	0.06	1.00	0.04	1.00	0.15	4.40	0.36
SOUTH INDIA	45.00	45.17	25.00	24.32	15.00	3.98	17.20	10.03	12.00	4.65	40.00	80.74	154.20	171.89
VISHA BANK	1.00	0.15	2.00	0.39	1.10	0.07	1.80	0.72	1.00	2.16	4.00	1.89	10.90	5.38
WCE	1000	1007.56	60.00	52.36	24.80	34.76	33.10	24.13	15.00	12.96	26.00	3.52	1458.9	1135.35
W.L.A.B	---	---	200.00	126.35	---	---	---	---	---	---	---	---	200.00	126.35

**AN APPRAISAL OF THE
FORMULATION AND IMPLEMENTATION
OF THE DISTRICT CREDIT PLAN IN
KOTTAYAM DISTRICT**

BY

SEBASTIAN JOSEPH

ABSTRACT OF A THESIS

submitted in partial fulfilment of the requirement for the degree

***Master of Science in Co-operation & Banking
(Rural Banking and Finance)***

**Faculty of Agriculture
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College of Co-operation and Banking
Mannuthy, Trichur**

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ABSTRACT

The study. "An Appraisal of the formulation and Implementation of the District Credit plan in Kottayam District" has been carried out to examine the extent to which the lead banks have followed the methodology suggested for formulation of the District Credit Plan (DCP) and the Annual Action Plan(AAP). It also aims at examining the extent of co-ordination between the banks and the development departments, comparative performance of Commercial banks and the Co-operative banks, and assessing the extend of inter bank, inter sectorial and inter block variations in the achievement of targets fixed under the DCP and AAPs in the Third round and until the formation of the Fourth round of the District Credit Plan.

The study covered all the Commercial Banks and Co-operative banks in the Kottayam District in Kerala during the period 1983 to 1987 ie., the 3rd round of the DCP and the AAPs prepared thereafter. A sample study of the District coordinators of the various banks were also employed for the purpose of assessing the extent of co-ordination between banks and development departments and the methodology actually followed for the preparation and implementation of the DCP.

The study revealed that the RBI guidelines for formulation and implementation of DCP and AAPs could be followed only to a limited extent in the Kottayam District.

due to certain built-in constraints like the absence of a District Development Plan, the lack of an effective Co-ordination mechanism between banks and the development departments and the lack of synchronization between preparation of the Annual Plans by the Government and the AAP by the lead bank and the performance budgets of the commercial banks. Yet another problem was the added work load imposed on the development departments and the banks due to the implementation of the DCF. It was seen that no adequate number of staff to prepare and carry out the plan was made available to the development departments and the commercial banks.

It was seen that no scientific criteria like the past performance of the banks or the credit potential of the area were effectively employed while fixing the targets for each bank as well as for the different sectors. The co-efficient of correlation between the previous year's achievements and the succeeding year's targets showed no significant relationship, which invalidates the claim of the banks that targets have been fixed according to previous year's achievements.

It was noticed that in all the years the performance under the Secondary sector was much below the targets. This indicated that targets were not fixed scientifically. It was pointed out by the lead bank that the SSI targets were fixed

based on the District Industries Centre (DIC) Action Plan which in turn were based on the units that sought provisional registration with it. So there was no viability or in-depth study undertaken of the potential for these schemes.

High co-efficient of variation implying high degree of disparities were observed between the achievements of banks, sectors and blocks. Eventhough block-wise variations have registered a decline indicating a decline in disparities, no such trend was noticed in the sector-wise or bank-wise achievements.

It was seen that the banks were more concerned with attaining the overall targets rather than achieving the individual sector targets. This was partly due to the inadequacy of the monitoring system which did not give proper attention to sectorial and block-wise targets. Thus the basic requirement that banks should deploy 40 per cent of the total advances to the priority sectors alone was considered seriously by the banks as well as by the RBI. This had lead to the banks reallocating their targets under the different sectors so as to suit their convenience. This hardly goes to justify the concept of District Credit planning exercise but is rather a negation of it.