

**FORMULATION OF SERVICE AREA
APPROACH FOR RURAL CREDIT:
A CASE STUDY OF BHOR BLOCK
(DISTRICT PUNE)**

BY

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JUNE 1991

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CHAPTER I

INTRODUCTION

1.1 Purpose and Objectives of the Study

The Reserve Bank of India introduced the Service Area Approach at the national level from 1-4-1989. The main objective of the Service Area Approach (SAA) at the time of its implementation was to make rural lending more productive by relating it intimately to local conditions and genuine needs of villagers, promote deposit mobilization to augment resources for lending and improving recycling of credit. It was also expected at the time of introduction that the approach would impart a developmental thrust to bank credit and increase cooperation between bank officials and local development agencies.

In this study attempt has been made to know whether SAA was being properly implemented in Bhore taluka and its implications with this objective.

The study concentrated on the following aspects of the SAA in Bhore taluka:

- i) Are the infrastructure facilities available in Bhore block adequate for the formulation of the SAA?
- ii) How far are the commercial banks in Bhore block equipped for this task?

The present study is based on observation and a survey undertaken for the purpose.

All the bank branches in Bhore taluka which were involved in the SAA were personally visited and the officers were interviewed and information collected from them and their staff.

1.2 Research Methodology

(a) Area of the Study: All the scheduled commercial banks in Bhore taluka were selected for studying as the SAA is implemented in Bhore taluka through them.

(b) Documentary Information:

- (i) Quarterly statistical reports of the Branches.
- (ii) Credit plans of Bhore Block prepared by the Lead Bank of Pune District.
- (iii) Reports of the Bhore Panchayat Samiti.
- (iv) Relevant information from the ledgers of the banks as on 31st March.

The information of primary and secondary nature was collected from the above sources.

(c) Survey Method: All the banks, as mentioned above, were surveyed for the SAA. Compilation of information

- (i) Survey by means of questionnaire canvassed among the employees of the banks.
- (ii) Interview with Branch Managers.

The questionnaire at (i) above and the questions discussed are given in Annexures I and II respectively.

1.3 Structure of the Study

In Chapter II the study outlines the SAA, the need and characteristics of the SAA.

Chapter III presents the economic and social background of Bhor taluka.

Chapter IV covers the following aspects:

- (i) A brief history of the working of the scheduled commercial banks in Bhor taluka.
- (ii) The distribution of 185 villages within the jurisdiction of the various banks under the SAA.

Chapter V presents the share of the commercial banks in the credit plan of Bhor taluka for the years 1989-90 and 1990-91. Also the sectoral changes in the plan of 1990-91 as compared to that of 1989-90 are shown.

Chapter VI shows the changes that have occurred in the number of accounts, deposits and advances of the scheduled commercial banks from 1-4-1985 to 31-3-1989 and highlighting the changes during the SAA period i.e. 1989-90 and 1990-91.

Chapter VII covers the study of the existing staffing pattern of the branches of scheduled commercial banks in Bhor taluka and the suggested pattern.

Chapter VIII presents the assessment of the discussions held with the Branch Managers.

Chapter IX records the conclusions drawn from Chapters II to VIII, offers certain suggestions for the more effective implementation of the SAA.

CHAPTER II

BACKGROUND OF THE SERVICE AREA APPROACH

2.1 Introduction

India still lives in villages. About 80 per cent of the population live in rural and semi-urban areas. And in spite of rapid industrialization, 60 per cent of the people depend on agriculture for their livelihood. The high incidence of poverty in India is due to the low productivity in, and backwardness of agriculture. A large proportion of unemployment also emanates from rural areas. The rural economy is predominantly agricultural. The conclusion of all this is that for real economic development, India has to concentrate on agricultural development and the focus of attention must be turned to the rural areas.

Indian agriculture is swarmed with problems many of which can be attributed to the long colonial rule, absentee landlordism, exploitation, poverty, increasing dependence of the rising population on land. Indian agriculture suffers from all imaginable defects, drawbacks and difficulties.

Immediately after Independence the free India enjoined herself on the task of radical transformation of agricultural institutions by democratic means. Till 1951 very little was invested in agriculture mainly because those who tilled the

land were just able to subsist. One aspect of the all-round efforts for improvement in agriculture was the institutionalization of agricultural credit. The defects and dangers of individual credit supply are too well known to need repetition.

2.2 Expansion of Institutional Credit to Agriculture

The real direction to agricultural credit was given by the All India Rural Credit Survey Committee, headed by Mr. A.D. Gorwala. It was the beginning of the serious efforts to develop institutional credit to agriculture. The Committee opined that cooperative credit system would be ideal for this purpose. Accordingly the R.B.I. and State Governments geared themselves to encourage, expand and assist cooperative societies through the three-tier structure.

At about the same time, on recommendations of the above-said Committee, the Imperial Bank of India was nationalized and State Bank of India was formed. It was called upon to spread a network of branches in the rural areas. In fact this may be taken as the beginning of participation of commercial banks in the supply of rural credit.

While the cooperative credit increased, it was not increasing fast enough. The cooperative effort was also not evenly spread all over the country. The success was slow and tardy in many States. The cooperative movement became, by and large, the handmaid of the rich, high-caste landlords. It was of nominal use to the small farmers, agricultural labourers

and rural artisans, who constituted the bulk of the population below the poverty line.

It was realized that cooperative sector alone would not be able to meet the growing needs of agricultural credit, due to the use of new technology and that many institutions should be roped in to supply credit. This was one of the objectives of the first instalment of bank nationalization in 1969. The nationalization of 14 commercial banks gave a big thrust to branch expansion in the rural areas. The increase in the branch offices was phenomenal. Excepting the North-eastern part of India, the banks penetrated into rural and semi-urban areas of India in a big way.

The total number of branches which was 8,262 at the end of June 1969 rose to 55,198 at the end of June 1988. The number of rural branches set up by commercial banks increased from 1,832 in June 1969 (22 per cent of the total) to 30,789 in June 1988 (56 per cent of the total) and further to 31,175 in September 1988. (The number of semi-urban branches has moved up from 3,322 in June 1969 to 11,204 in June 1988.) The average population per bank office which was 65,000 in June 1969 has now come down to 13,000. The regional rural banks had a network of 13,469 branches by June-end 1988. Furthermore, as at the end of June 1987, there were 29 State Cooperative Banks with 491 branches and 353 District Central Cooperative Banks with over 6,800 branches, 89,010 primary agricultural credit societies, 19 State land development banks

and 899 primary land development banks which cater to the credit needs of the rural sector.

2.3 Lead Bank Scheme

With cooperative societies and commercial banks operating on the same field catering to the same need, it was necessary to coordinate their activities and policies. It was also though necessary to shift to transit and planning. To interpret credit and planning the Lead Bank scheme was drawn up.

These efforts were supplemented by the establishment of Regional Rural Banks (RRBs) which were to supply credit to small, poor farmers, agricultural labourers and rural artisans in their specified areas.

The lending of the commercial banks to priority sectors reached 45 per cent in 1989 out of which 17 per cent was given to agriculture itself. The share of institutional credit in the total rural credit supply was about 62 per cent.

2.4 Defects in the Rural Credit and Need for New Approach

The commercial banks, the cooperative banks and the RRBs were so much enthused by branch expansion that in some areas there was over-saturation, overlapping of functions and the agencies competed with one another. This was not the intention of the policy-makers. It was found that the branches tried to lend as widely as possible resulting in thin spread of credit. There was haphazard lending and supervision over

end-use became difficult. They overfed some prosperous areas and starved others. It is the general impression that they were not sympathetic to the poor and small man. The bank staff did not identify itself with rural development. Though there has been impressive growth in rural lending, this did not have proportionate increase in agricultural productivity or rise in the income levels or in employment opportunities. Credit was not directed towards the development of the potential capacity. Those who had something were given something. Those who had nothing, got nothing. The multi-agency approach led to multiple financing, duplication of efforts leading to wastage of scarce resources. Some wily and cunning borrowers borrowed from more than one bank for the same purpose and the period. In fact the branch expansion had gone too far and it was necessary to slow down branch expansion and concentrate on consolidations.

2.5 Preparation of Service Area Approach

In view of these difficulties, it was thought necessary to have a thorough reappraisal of the whole gamut of exercise in rural lending at the national level and the result was the new approach called Service Area Approach (SAA) that has come into effect from 1st April 1989.

The implementation of the Service Area Approach was supposed to be preceded by careful groundwork as detailed below:

- 1) Identification and allocation of villages to each bank as the service area.
- 2) Conducting survey of villages in Service Area to prepare village profiles and also for assessing the potential for different economic activities to cater to the needs and aspirations of the people.
- 3) Preparation of Village Credit Plan (VCP) on an annual basis and later aggregating thereof at branch level for its Service Area as Branch Credit Plan (BCP) which will also act as its performance budget.
- 4) Coordination between credit institutions and field level development agencies for effective implementation of Credit Plans by way of fixing targets of credit to banks and non-credit targets to Government agencies.
- 5) Monitoring of progress of the Credit Plans continuously in a systematic manner at the newly constituted Block Level Bankers' Committee (BLBC).

The BCPs will be aggregated at the block level after taking the credit component of cooperatives, Land Development Banks and/or any other financing agency located within the block. Subsequently, these Block Credit Plans are aggregated at the district level to form Annual Action Plan (AAP). The AAP thus aggregated for the first time under SAA came into operation from April 1, 1989 to March 31, 1990.

2.5.1 Identification and Allocation of Service Area

Specific areas comprising approximately of 15 to 25 villages have been identified and allocated to each rural and semi-urban branch of Commercial Banks (CBs) which include Regional Rural Banks (RRBs) (but excluding urban branches). The group of villages will be known as "Branch Service Area" of its area of operation. Cluster approach would be followed in selecting the villages for the branches for Service Area, based on the contiguity and proximity to the branch, which is the main criterion. Villages in the same Gram Panchayat would, as far as possible, be allotted to the same branch without breaking. When a particular village qualifies for allotment to more than one branch on the above principles, allotment may be made to the branch which has the dominant share in financing in that village in terms of number of accounts.

The allocation of Service Area is done by a committee headed by the Lead District Officer (LDO) from RBI along with the Lead Bank Officer (LBO), as the convener and the concerned officer from NABARD as a member and in consultation with concerned bank branches and Block Development Officer. The Committee also designates the commercial bank branch which will finance the non-target group beneficiaries in the Service Area of RRB branches and whereas the branches of CBs will finance both target and non-target group beneficiaries.

With regard to existing loan accounts of one branch in

a village, which is allotted to different bank branches, the branches concerned may arrive at a mutual understanding for transfer of loan accounts among themselves and wherever this is not possible, the existing loan accounts may continue, with the concerned branches only till they are liquidated. However, fresh financing in the village shall be done by the concerned Service Area Branch.

2.5.2 Survey of Villages

After allocation of Service Area, each branch has to undertake a survey of the allotted villages and prepare village profiles which cover different aspects such as existing economic activities and potentialities for their expansion as also for undertaking new economic activities available infrastructure in the area, existing skills of the villages, and coverage of rural families by the credit institutions.

The data available with agencies like District Rural Development Agencies (DRDA), District Industries Centre (DIC), Block and Panchayat and other Government Departments should be made use of for the purpose of survey. The village profiles will have to be updated periodically, say once in a year, for preparing the VCPs, taking into account the on-going/proposed developments in the village. For that, the branch managers are required to keep themselves abreast of developments taking place in their service area by means of periodical visits to villages and by establishing continuous contact with the extension and developmental agencies.

2.5.3 Preparation of Credit Plan

Each branch will prepare annual credit plan by aggregating the VCPs of all the villages allotted in the Service Area on an on-going basis. This will be the branch credit plan comprising both priority sector and non-priority sector outlays. This document will be the branch's 'Performance Budget'.

The Credit Plan should reflect both the needs and aspirations of the people and the potentialities of the area on the basis of information collected for the preparation of village profile. The targets under different Government sponsored programmes like Integrated Rural Development Programme (IRDP), Scheme for Providing Self-Employment to Educated Unemployed Youths (SEEUY), Self-Employment Programme for Urban Poor (SEPUP) will emerge in the VCP based on the resources available for meeting the credit plan as well as available infrastructure and number of beneficiaries to be financed in a phased manner. The branch managers should use their own judgement in the light of firsthand information from the village survey in finalizing the targets under Government sponsored programmes. The Lead Bank Officer (LBO) has a crucial role in providing necessary guidance and support to all branch managers in the district.

While preparing the Credit Plans, branches may keep in view different economic activities identified in the present DCP/AAP. The RRB branches should prepare credit plan for the

target group and the sponsoring commercial bank branch/nearby or any other bank branch designated by the Lead Bank group, should prepare the credit plan for non-target group beneficiaries.

The cooperative sector will continue to operate in the Service Area of the commercial bank branches as hitherto and therefore the credit plans prepared by PACS/LDBs should dovetail at block level as an integral part of the Block Credit Plan. This task would be undertaken by the main branch of the Lead Bank in the block and in case the Lead Bank branch does not exist in the block, the Lead Bank should designate the name of another bank which has the maximum number of branches in the block/district.

2.5.4 Coordination and Monitoring

A Block Level Bankers' Committee (BLBC) would be constituted at each block under the chairmanship of Lead Bank Officer, who will coordinate the activities of the banks as well as the Government officials in implementing the BCPs.

The BLBCs are expected to meet at least once in a quarter and its functions are briefly enumerated below:

- 1) To discuss the credit plans of different branches and their aggregation into BCP.
- 2) To review the progress in implementation of BCP and the performance of each branch in relation to its branch credit plan.

- 3) To consider operational problems in implementation of credit plans with special reference to enlisting the cooperation of State Government Departments, etc., in provision of inputs, infrastructure and linkages.
- 4) To review the progress in implementation of government sponsored programmes, i.e. IRDP, SEEUY and SEPUP, including the impact on the beneficiaries.
- 5) To allocate service areas to new branches opened in the block.
- 6) To monitor the recovery programmes and the adequacy of the steps taken in this regard, including the support available from the State Government machinery.

2.5.5 Formulation of Credit Plan Under SAA

Based on the information available in the village profile regarding the potentialities for resources available/ to be mobilized and annual disbursement of loans made under AAP, the branch manager should prepare Annual Credit Plan for each village. While drawing such credit plan, the branch manager should remember some important points, namely:

- a) Extent to which Credit-Deposit Ratio (CD ratio) should be improved during the year.
- b) Number of units to be financed under different economic activities.

- c) Availability of requisite physical inputs, linkages (forward and backward), adequacy of infrastructural facilities.

The broad steps involved in the preparation of a credit plan are as follows:

- 1) Confirming the technical feasibility of the activity.
- 2) Establishing the economic viability of the activity.
- 3) Estimating the potential number of technically feasible and economically viable units.
- 4) Estimating the number of units which would require credit and the quantum of credit available from the bank (Credit Plan). Complete information about credit already given and to be given by banks and cooperatives for new activity.
- 5) Determining the non-credit inputs such as raw material supply, marketing arrangements, training and extension services, infrastructural facilities, etc.

CHAPTER III

SOCIO-ECONOMIC PROFILE OF BHOR BLOCK

3.1 Introduction

Though the subject of this study is service area approach of banks in Bhore taluka, a brief sketch of the taluka which is a part of Pune district will be relevant to have some idea of the condition of the selected taluka in the context of the district.

Pune district is one of the 30 districts of Maharashtra. The district has 5 per cent of the State area and 7 per cent of the State population as per the 1981 Census. Of the district population 53 per cent live in urban area and 47 per cent in rural area. The scheduled castes and scheduled tribes comprise 11 per cent of the population. The percentage of the literate persons and working population to total population are 47 and 39 respectively. Female population ratio is 937 per 1000 males.

The climate of Pune district is hot although it is comparatively cooler in its western part. In the eastern part of Indapur, Baramati and Dound, the climate is hot and dry. The rainfall in the district is unevenly distributed, i.e. the western part which comprises eastern slopes of Sahyadri ranges receives as much as 2500 mm rains but the eastern part is almost drought-prone receiving around 275-300 mm rains annually.

The hilly region, the Maval region and the plateau are the topographical regions of the district. The western hilly strip of about 15 to 30 kms. broad is called hilly region. Another 15 to 30 kms. broad strip to the East of the Ghatmatha is called Maval and the part to its southern and southeastern sides is called the plains. The district is endowed with the following important rivers: Bhima, Nira, Kukadi, Velghat, Punyawati, Indrayani, Mula, Mutha and Pawana. Most of them originate from the western mountains and flow towards the East and South-east.

The geographical area of the district is 15,62,000 ha. of which only 1,84,000 ha. or about 12 per cent area is under forest. The total land under cultivation is 11,58,000 ha. Out of this only 2,02,000 ha. are under irrigation. The twice sown area is only 1,25,000 ha. Jowar is the main crop of the district. In addition, paddy, wheat, bajara crops are also grown. In some areas of Indapur, Haveli and Baramati, sugarcane is also grown on a large scale. Apart from agriculture, fishery and dairy are also undertaken in the district.

The Pune district has been the industrially advanced district of the Maharashtra State. In December 1988 the district had 2,551 factories registered under the Factories Act, 1948. Of these 128 were not working. In the remaining 2,313 factories, 1,39,806 workers were employed. The district can boast of famous factories of Telco, Philips, Kirloskar group, Bajaj, Garware Nylons, Crompton Greaves and

such other big industries. Hindustan Antibiotics is a major public sector industry in the district. In addition, there is the Ordnance Factory at Khadki. The district also has many sugar factories mostly in the cooperative sector. A paper mill, a cotton textile mill, a glass factory, bus body building factory, sugar machine manufacturing factory, a dyestuffs factory and many units in the small scale sector are in operation. The national highways, viz. Bombay-Bangalore, Pune-Hyderabad and Pune-Nashik, connect the district to the national centres.

Pune district is recognized as educational, industrial and cultural centre of the State.

After acquainting oneself with the general outline of Pune district, it is now time to turn attention to the information of Bhore Taluka in which context the study has been undertaken.

3.2 Location

Bhore taluka of Pune district extends from $18^{\circ}0'$ longitude to $18^{\circ}45'$ and from $73^{\circ}14'$ latitude to $73^{\circ}15'$ East. It is surrounded by Velhe taluka in the North, Haveli taluka and Raigad district in the West, Purandhar taluka in the East, and Satara district in the South. It is mainly a hilly area.

The total land area is 892 sq.kms., out of which only 8 sq.kms. is urban. It is the township and taluka headquarters of Bhore which is 40 kms. to the South of Pune city. It is

situated in the southern bank of Nira river on Pune-Mahad State Highway.

Bhor Municipal Borough was established in 1885. It was previously the seat of the princely state of Bhor.

3.3 Topography

(a) Land : Fifty per cent of the cultivated land is steeply inclined so that rain water flows away. The key to agricultural development thus lies in holding this rain water. The soil is fertile black in the East and reddish in the West.

(b) Rivers: Being mainly hilly area, it is surrounded by Sahyadri mountain ranges. Four rivers originate from the Sahyadri, viz. Shivaganga, Nira, Gunjawani and Yelvandi. They flow through this taluka. The river Gunjawani originates from the north of Rajgad near the village Gunjawane and meets river Nira near Alande. The river Nira originates from the Hirdoshi valley and winds her way from West to East. As mentioned above, the town Bhor is situated on the southern bank of this river. The river Yelvandi originates from the Velwand valley. The 50 year-old Bhatghar dam is constructed across this river. Its main object is electricity generation. Another use of this dam is that it stores water in the monsoon and feeds the Veer dam. Due to the latter dam, a large area of lands in the Purandhar, Baramati and Indapur talukas have come under irrigation.

(c) Rainfall : The whole of the Bhor taluka receives

monsoon rains and the annual average rainfall is about 800 mm to 1000 mm. There is heavy rainfall during the period June to September. The rainfall decreases from west to east. Table 3.1 shows monthly rainfall of Bhore taluka from 1978 to 1990. The rainfall is the single most important factor affecting the agricultural production of the taluka.

Table 3.1 : Statement of Rainfall (1978-1990)

Year	(Rainfall in mms)					
	June	July	August	September	October	November
1978	154.05	192.04	450.07	112.09	31.00	88.05
1979	213.09	217.00	462.05	259.02	42.00	3.1
1980	269.01	413.06	472.01	120.02	37.05	154.03
1981	173.02	520.05	266.08	182.06	11.02	50.02
1982	61.80	238.80	251.04	198.00	30.1	8.4
1983	142.06	193.02	426.06	226.08	37.08	27.6
1984	165.00	269.06	192.02	129.06	114.08	26.5
1985	171.04	211.02	218.06	21.08	100.08	2.00
1986	413.09	95.02	200.02	157.08	-	16.00
1987	54.06	94.06	126.06	85.03	124.00	29.06
1988	93.08	412.05	167.06	204.4	6.00	46.00
1989	152.9	295.1	124.5	144.5	35.00	-
1990	82.4	369.2	270.4	34.00	198.00	29.00

Sources: District Hand Book of Pune and Tahsil Office, Bhore.

(d) Climate: The temperature is generally highest in the month of May. Three distinct seasons are discerned in the

taluka. June to October may be termed rainy season, November to February is winter and March to May is summer.

3.4 Demography

(a) Population: As per the National and the State trends, the population of the taluka is also rising as shown below.

Table 3.2 : Population of the Taluka

Year	Total population
1951	78,000
1961	95,000
1971	1,14,000
1981	1,29,000

Source: Pune District Social and Economic Review 1988-89.

(b) Density of Population: Naturally the density of population of this taluka is also increasing as shown below.

Table 3.3 : Density of Population

Year	Population per sq.km.
1951	88
1961	108
1971	128
1981	145

Source: Pune District Social and Economic Review 1988-89.

However, the density was less when compared to the density of the Pune district which in 1981 was 266. This only brings out the preponderance of agriculture.

(c) Urban-Rural Classification of Population : The taluka has only one town, Bhor, the population of which was 13,000 in 1981. The remaining 1,16,000 people were dispersed in 185 villages. The total number of families were 25,000. Of these, 22,000 lived in the rural area, and 3,000 in the urban area. Table 3.4 depicts the growth in urban-rural population.

Table 3.4 : Urban-Rural Classification of Population

Year	Total Population	Rural	Urban
1951	78,000	70,000	8,000
1961	95,000	87,000	9,000
1971	1,14,000	1,03,000	11,000
1981	1,29,000	1,16,000	13,000

Note : The figures have been rounded upto thousand.

Source: Pune District Social and Economic Review 1988-89.

The urban population has risen faster than the rural. This is due to the growth in industries and the service sector in which people from outside the taluka come to the town.

(d) Sex Ratio: A striking feature of the sex ratio

of Bhore taluka is that the number of females exceeds the number of males as can be seen from Table 3.5.

Table 3.5 : Sex Ratio

Year	Total Population	Males	Females	Sex Ratio (per thousand Males)
1951	78,000	38,000	40,000	1052.63
1961	95,000	46,000	49,000	1065.22
1971	1,14,000	55,000	59,000	1072.73
1981	1,29,000	62,000	68,000	1096.77

Source: Pune District Social and Economic Review 1988-89.

The reason for this trend is that a good number of working males migrate to nearby Pune and Bombay cities in search of job, leaving behind the female members and children of the families. This reflects on the undeveloped nature of the taluka.

3.5 Occupational Distribution of Working Population

The population of the age group 15-50 is treated as working population. According to the 1981 Census, the working population of Bhore taluka was 41,600 and non-working population was 75,400. The occupational distribution of the working population is given in Table 3.6.

Table 3.6 : Distribution of Working Population

Occupation	Rural	Urban	Total
1) Farming	25,000	200	25,200
2) Agricultural Labour	4,800	100	4,900
3) Cottage industries, mud processing, repairs and services *	900	100	1,000
4) Other activities	7,500	3,000	10,500
5) Total working population	38,200	3,500	41,600
6) Marginal working population	12,200	100	12,300
7) Non-working population	66,100	9,300	75,400
8) Total Population [@]	1,16,000	12,000	1,29,000

* This includes animal husbandry, forestry, fishery, hunting, growth of orchards, quarrying, construction, trade and commerce, transport and storage.

@ The totals may not tally as the figures have been rounded at to thousand.

Source: Pune District Social and Economic Review 1988-89.

It may be added that after the kharif season is over a good number of working males migrate to the nearby cities for jobs.

3.6 Population Below the Poverty Line

Of the total 25,000 families, 11,751 families (47 per cent) originally recognized as falling below the poverty line in 1981. Attempts are being made to uplift them through 20-Point programme and the I.R.D.P.

3.7 Educational Profile of Bhore Taluka

The ruler of this princely state the tenth Pantsachiv H.H. Shankarrao alias Babasaheb, ruled the state from 1874 to 1922. He pioneered Education Department in the princely state. Till 1878 Bhore had educational facilities upto Vernacular IV and English III standards. In 1897 the present Raja Raghunathrao High School (and Junior College) was started. In July 1982 was started the Arts, Commerce and Science College. The college imparts instruction upto graduation in all the three (Arts, Science and Commerce) faculties. In addition, at present seven vocational courses are also provided. One I.T.I. has been started at Malwadi and since June 1990 another Arts, Science and Commerce College has been started at Nasarapur. In short, after 1982, the Bhore taluka can boast of sufficient educational facilities. Table 3.7 gives the details of formal educational facilities in Bhore Taluka.

**Table 3.7 : Formal Education Facilities in Bhore Taluka
(As on 4-2-1991)**

Sr.No.	Description	Numbers
1.	Total Primary Schools	231
2.	Government Ashram Schools	2
3.	Government Balwadis	13
4.	Secondary Schools	15
5.	Higher Secondary Schools	4
6.	Arts, Science and Commerce College	1
7.	Industrial Training Institute	1
8.	D.Ed. College	1
9.	B.Ed. College	1
	Total	269

Source: Department of Education, Panchayat Samiti, Bhore.

The Table 3.8 gives the percentage of literacy as per the Census of 1981.

Table 3.8 : Percentage of Literacy

	Males	Females	Total
Total	57.9	30.4	43.5
Rural	55.8	27.7	41.0
Urban	74.5	57.5	66.3

Source: Pune District Social and Economic Review 1988-89.

3.8 Agriculture

Bhor taluka is predominantly agricultural. The chief occupation of the people is agriculture. There are 25,200 farmers and 4,900 agricultural labourers residing in 185 villages. Out of these, 150 villages take kharif crops and 35 villages take rabi crops.

The Table 3.9 gives the details of land utilization in the taluka.

Table 3.9 : Land Utilization in the Taluka

	Hectares
Total geographical area	89,200
Area under forests	10,400
Area not useful for agriculture	19,600
Net area cultivated	57,900
Cultivable area	59,200

Source: Pune District Social and Economic Review 1988-89.

The following are the main crops grown in the taluka: paddy, jowar, groundnut, bajra and pulses. Rice dominates in the western part and jowar in the eastern part of the taluka.

From the last decade Bhor agriculture has been showing signs of development due to availability of HYV seeds, fertilizers, spread of education and growth schemes of agriculture. Agriculture is now looked upon as an income-generating occupation rather than a means of subsistence. Farmers are taking to improved methods of agriculture and are guided by market conditions. Fruit growing is being resorted to on waste lands under Government encouragement. A sugar factory has recently been sanctioned for the taluka.

3.9 Irrigation Facilities

The agriculture in Bhor taluka largely depends on rains. Of late irrigation by tubewells, lift irrigation, percolation tanks is increasing. (Table 3.10.)

There are 14 irrigation projects submitted to the authorities. Four projects are functioning. Four villages have Kolhapur type bunds and one work is in progress.

Table 3.10 : Source of Irrigation in Bhore Taluka

Type	Number
1) Rivers	4
2) Dams	1
3) Percolation tanks	2
4) Kolhapur type bunds	4
5) Total No. of wells	1,885
6) Wells useful for Irrigation Purpose:	
a) Energised with diesel pumps	161
b) Energised with electricity	435
7) Tubewells	190
8) Other wells	162
9) Minor irrigation and bunds	48
Total	996

Source : 1) Agriculture Department, Panchayat Samiti, Bhore.

2) Pune District Social and Economic Review
1988-89.

3.10 Livestock Wealth

Cattle help the farmers in two ways. They are useful in farming operations and they can be supplementary means of income or instruments of secondary occupations.

Table 3.11 gives details of animal wealth for the year 1987-88.

Table 3.11 : Livestock of Bhor Taluka

Type	Number
1) Cows	4,418
a) Cross-bred	16,211
2) Oxes	1,352
a) Cross-bred	17,150
3) Buffaloes	17,560
a) She-buffaloes	17,560
b) He-buffaloes	774
4) Goats	11,150
5) Sheep	4,500
6) Poultry (birds)	63,915
7) Pigs	162
8) Horses and Donkeys	94

Source: Animal Husbandry Department, Panchayat Samiti, Bhor.

There are 7 veterinary hospitals and dispensaries in the taluka as also 16 Artificial Insemination Centres are in operation. More and more people are taking to dairy and poultry business mainly as a secondary occupation.

3.11 Forests

Though Bhor is a region of heavy rains and mountains the area under forest is very less. Of the total area of 892 sq.kms. only 180.77 sq.kms. are covered with forests. The details of which are given below.

<u>Type</u>	<u>Area</u>
Reserved forests	23.95 sq.kms.
Non-classified forests	132.03 "
Privately owned forests	24.79 "

The above area covers high hills and land under grass.

The forest area is mainly concentrated in the western part of the taluka. Table 3.12 gives details of forest produce from 1985-86 to 1989-90.

Table 3.12 : Annual Yields of Minor Forest Products in
Bhor Taluka

		(in metric tonnes)				
<u>Sr.No.</u>	<u>Description</u>	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
1.	Grass	600.00	250.00	150.00	355.00	455.00
2.	Apta	120.00	112.85	33.15	23.40	10.00
3.	Wavding	50.00	0.50	0.50	1.00	0.50
4.	Hirda	45.00	85.80	44.80	77.00	68.90
5.	Curripatta	4.00	9.90	6.00	10.00	1.60
6.	Shikakai	1.00	1.50	1.50	0.50	3.00

Source : Deputy Regional Forest Office, Bhor.

3.12 The Growth of the Cooperative Societies in Bhor Taluka

There has been growth of cooperative societies though the number of the members belonging to weaker sections and backward castes has been negligible. Both advances and overdues have grown. As elsewhere though there is quantitative growth in cooperative credit, there is great scope for qualitative improvement. Given below is the concise picture of the cooperative movement in Bhor taluka:

Profile of Multiple Cooperative Credit Societies
in Bhor Taluka (as on 30-6-1990)

1. Total No. of Multiple Cooperative Credit Societies	74
2. Borrowers	28,184
3. Members:	
(a) Farmers	22,536
(b) Agricultural Labourers	21
(c) Rural Artisans	54
(d) Others	766
Total Members	23,277
4. Members from:	
Scheduled Castes	926
Scheduled Tribes	51
5. Total No. of Borrower-members (1989-90)	2,799
6. Total No. of Defaulters	6,876
7. Outstanding Loan (30-6-1990)	Rs. 3,77,64,838
a) Short-term loan (upto 12 months)	Rs. 2,35,26,378
b) Medium-term loan (upto 3 years)	Rs. 1,19,52,062
c) Long-term loan (upto 5 years)	Rs. 22,56,398
8. Loans Disbursed:	
No. of societies	74
Short-term advances	Rs. 1,12,77,306
Medium-term advances	Rs. 47,71,762
Long-term advances	Rs. 4,66,689

	Rs. 1,65,15,757
9. Recovery:	
No. of societies	74
Short-term	Rs. 3,66,442
Medium-term	Rs. 7,17,493
Long-term	Rs. 25,039

	Rs. 11,08,974
10. No. of loss suffering societies	69
Amount of loss	Rs. 99,097
No. of profit making societies	5
Amount of profit	Rs. 63,176

3.13 Transport and Communications

Being a hilly region, road is the only mode of transport in this taluka. Of the 185 villages, 164 are connected to the taluka headquarters with roads. Of these 118 are connected with tar roads and 46 with kacha roads. State Transport services are available on these roads for eight months. Twenty-five villages in the inaccessible hilly region are not yet connected. The state highway Pune-Mahad passes through the taluka. Bhor-Pune and Bhor-Satara are the other state highways. Pune-Bangalore section of the National Highway No. 4, partly passes through the taluka as also the Mahad-Pandharpur state highway.

There are also 51 post offices and 9 telegraph offices in the taluka and one telephone exchange at Bhor town.

3.14 Trade

The taluka does not have any established trading centre. Bhor is the taluka trading place. Tuesday is the weekly bazar day of Bhor. Farmers sell their produce to the traders at Bhor. Also Bhor Taluka Cooperative Agricultural Marketing Society helps its members by providing many services. There is also an Agricultural Produce Marketing Committee at Bhor. The agricultural produce marketing committee was established at Bhor in 1965. However till today, the committee does not have its own land, sheds or building. There are no platforms for auction of agricultural produce. The committee has sub-centres at Nasarapur and Kikvi but the amenities necessary

for farmer-sellers are not available there also. In the rice season market fees are collected at Nasarapur. On the Cattle Bazar days market fees are collected at Kikvi also. But there are no basic amenities like shelter and water for cattle and farmers. Though Bhor taluka is famous for paddy, on account of the predominance of small farmers, the market surplus is not significant. The rich farmers in the interior areas buy whatever marketable surplus is available and sell it in Bhor bazar at higher price. Due to this the recovery of loans through market committee has almost stopped and 40 per cent of loans of cooperative societies are overdue. In such a situation the societies suffer and the farmers also do not get any benefits as envisaged in the Maharashtra Agriculture Produce Marketing (Regulation) Act of 1963. In addition to Bhor, at present the following weekly bazars are held:

1) Kikvi	Saturday
2) Ambawade	Monday
3) Hirdoshi	Saturday
4) Nasarapur	Sunday

The Kikvi bazar is mainly a cattle market.

3.15 Industries

There is a good scope for agro-based processing industries in Bhor taluka. At present one rice-mill, one poha mill, 49 hullers are the only industrial units in operation. Near-about Bhor town along the State Highway are industrial units such as Art Leather, Bhor Industries, Markendaya Spinning Mill,

a dye factory (Arlab), an electric lamp factory and a tiles factory. A few textile units are also coming up. The major industrial unit is the Bhor Industries Limited, which produces various types of binding cloth and materials, wall paper, PVS sheeting, marblex tiles, etc. The plant has 540 workers. The Markendaya Spinning Mills employs 550 workers. A paper manufacturing unit "Nira Paper Mills" is being set up in another taluka Khandala though the unit is only 5 kms. from Bhor on Pune-Bhor state highway.

3.16 Potential for Development

The Lead Bank of the taluka, Bank of Maharashtra, has surveyed the taluka and indicated the various potential areas of development.

1) Crop Production : Jowar and Paddy are the main cereal crops which account for 76 per cent of the area under cereal crops. Other important crops are pulses and oilseeds which occupy 5.29 per cent and 5.65 per cent respectively of the total cropped area.

The techniques of Dry Land Farming and proper attention in respect of Lab. to Land, i.e. transfer of new technology from Research Institutes to the doors of poor farmers are now-a-days the prime objectives for increasing the productivity of crops.

Financing of crops is also the most important factor in improving the capability of the farmers to apply sufficient

doses of chemical fertilizers in time and use preventive measures for controlling diseases and pests.

The Bankers, viz. State Bank of India, Bhor Branch, and Bank of Baroda, Bholawade Branch, have shown outlays under minor irrigation but they have not made any provision for short-term loan facilities to the existing and proposed beneficiaries. Special steps are essential in financing the SF/MF for rainfed crops.

2) Irrigation Development: The block receives fair rainfall during kharif season. About 85 per cent of the net cropped area is under mono-cropping and remaining 15 per cent is cropped more than once. Groundwater is the major source of irrigation. A report is published by the G.S.D.A. which indicates potential for as many as 5,793 additional feasible wells under different watershed.

The fully aided 'Jeevandhara' and 'Jawahar' well programmes are expected to benefit SF/MF and the farmers belonging to SC/ST communities.

Community well irrigation system also requires more attention as the SF/MF account for more than 65 per cent. Due to small holdings it is very difficult to excavate a new well even though bankers come forward to finance them. Therefore, organization of different groups of SF/MF is essential for increasing the area under irrigation.

The other potential source of irrigation is river.

The total length of the river in the Bhor block is about 86 km. The main river is Yelwandi on which Bhatghar Dam is constructed in the year 1929 which is also known as Lloyd Dam (Vyankoji Sagar). Total capacity of the dam is 672.18 million cubic metre and the area under irrigation is 27,328 ha. This area is from Pune, Satara and Solapur districts. The same water again flows through the Nira river for about 17 kms. away from Bhor on which another small dam is constructed at Veer village.

The backwater of Bhatghar Dam is not allowed for irrigation purpose as there is one big hydroelectric power generation project established near Bhatghar village.

The Bhor block is not utilizing the river water by community lift irrigation scheme as much as the other blocks are benefiting. The main reason is the small land holding. Most of the farmers have uneconomic land holdings. The SF/MF are having more than 2/3 share in the total land holders. They do not have capacity to install lift irrigation scheme individually. Thus, the block remained very backward in respect of irrigation facilities though there is good scope for the same. Special attention is necessary for motivating the villagers to adopt the community lift schemes. Necessary forward and backward linkages are to be created to those proposed lifts by different Government agencies and the bankers will have to provide the financial assistance so that

each and every opportunity can be utilized for increasing the area under irrigation.

Additional irrigation potential created would also raise the scope for diesel and electric pumpsets on a large scale. Drip and sprinkler irrigation systems, if encouraged, will increase the area under irrigation with the available water resources.

3) Land Development: Small holdings with undulating topography lead the farmers from poor to poorer status in the society. The problem of soil erosion is also serious in the block. Exploitation of groundwater in future is likely to add considerably to the area under irrigation. Therefore land development activity is to be undertaken in all such areas so as to get the maximum benefit out of irrigation.

In the hilly areas different types of land development measures viz. contour bunding, terracing, strip cropping, land reclamation, etc., need to be carried out. For all these activities adequate financial support is necessary.

4) Horticultural Development : In the Bhor block, the area under fruit crops is almost negligible, only 0.37 per cent to the total cropped area. But the topography, soil type, climate and rainfall offer good scope for dry land horticultural crops viz. mango, custered apple, tamarind, Jambhul, Ber, etc. The Bhor block is famous for fig and guava cultivation which give good returns to the farmer.

The waste land development programme gives good scope for horticultural plantation. Motivation efforts backed up by adequate financial support will certainly open a new era in horticultural development which will serve as an excellent alternative for maximizing the farm incomes.

5) Farm Mechanization: The following reasons indicate good scope for farm mechanization:

- a) Sugar factory has been sanctioned by the Central Government to the Bhor block;
- b) The area under paddy is quite extensive which gives good scope for power tiller units. A power tiller helps in carrying out various operations in the paddy fields even in the rainy season;
- c) National Highway No. 4 (Bombay-Bangalore) is passing through the Block and therefore, there is good scope for transportation of various commodities, poultry products to the highway hotels and motels;
- d) Substantial area under foodgrains; and
- e) For the purpose irrigation facilities, the supporting farm mechanization is also essential in the context of developing the backward areas of the block.

Therefore, adequate financial support would be necessary for the items like tractor, power tiller, power sprayers, dusters, and threshers, etc.

6) Activities Allied to Agriculture : The other activities undertaken in the block are: (a) Dairy, (b) Goats and sheep rearing, (c) Poultry.

Dairy assumes an important role with more than 50 per cent of the area under fodder crop. It is the main activity in some of the villages.

Sheep rearing is also taken up. The activity has also become more popular due to some traditional notions prevailing upon the minds of people of the block. Sheep are mostly reared in the lesser rainfall areas. Systematic efforts are necessary for upgrading the local breeds for wool, milk and mutton purposes which will maximize returns to the farmers.

Goat is the poor man's cow and there is good percentage of SF/MF in the block. The present goat population is also high. Thus, there is good scope for goat rearing in this block for milk and meat purpose. Upgrading of local breed with exotic breeds is highly essential.

Poultry scheme has got good scope in the areas near the highway. All the above schemes will thrive well in the block if the following are provided:

- 1) Systematic upgrading of local breed by the Government.
- 2) Arrangement for the concentrates, medicines and other items within a manageable distance.
- 3) Backward and forward linkages essential especially for poultry scheme.

4) Adequate financial assistance.

Quail farming, horse use for transportation of milk and essential commodities, duck rearing, apiculture, cement threshing cum drying yard for hirda and paddy, rabbit farming. Mushroom cultivation and sericultural have good scope in the Bhor block. The Bankers are to take the opportunities to finance these activities in their service area.

Inland fishery has ample scope in the block. The fishermen or other farmers/artisan societies are to be formed to tap all the sources for inland fisheries scheme.

7) Bio-Gas : The block has sizable number of cattle population. The national energy programme of bio-gas will flourish if the women are motivated. It reduces the deforestation going on in the forest area. The subsidy portion is also attractive to the farmers to take up this activity. Active steps are necessary to introduce this activity in the remote areas.

The Government of Maharashtra has selected Bhor Block as a pilot block for implementation of the Integrated Energy Programme. The activities like Gobar gas plant, solar cookers, windmills, specially designed bullock-carts, etc., are assisted under this programme.

8) Non-farm Activities : The block offers good scope for the development of several non-farm activities viz., small scale industries, village and cottage industries, and

rural artisans. The District Industries Centre has identified the following places as growth centres in the block: (1) Sarole, (2) Nasarapur, (3) Kikvi.

List of places having potential for undertaking different activities as indicated by D.I.C. is given below.

<u>Activity</u>	<u>Places</u>
1) Bullock-cart manufacturing unit	Malgaon, Kapurhol and Bhor.
2) Flour Mill	All villages in the block.
3) Chaff cutter machine	All villages in the block.
4) Brick manufacturing unit	Nearby Bhor town.
5) Rice mill	Sarole.
6) Poha mill	Sarole.
7) Oil mill	Sarole.
8) Bakery unit	Kikvi, Nasarapur.
9) Inland fishery	Bhor and nearby villages.

Almost all the villages have artisans. But due to lack of capital resources and lack of modernization in the activity, these artisans have relinquished the age-old profession. In order to prevent such rural crafts from further degeneration, immediate steps are necessary. Training of different artisans will be possible under TRYSEM Scheme. The fibre articles are having good demands in the city area. The necessary backward and forward linkages will also encourage rural arts. The exhibition is also one of the means of motivation which is based on the principle 'Seeing is believing'. This will help the artisans to learn

the art within a short period.

Agro-based and forest-based industries are also having good scope viz. Oil, Ghanis, manufacture of Patravali, preparation of dyes, Dal mill, manufacturing of wooden furniture, etc.

Bankers have ample scope for financial these activities and they should try to encourage artisan complexes with the help of different Government agencies.

9) Trade, Service and Business : These include various demand-based activities. The provision of infrastructure is one of the most important aspects in increasing these activities. Several traders are willing to go to remote areas for establishing business. But due to lack of transport facilities, they cannot do so. Joint efforts of Government agencies and financial institutions are essential to promote these activities.

CHAPTER IV

BANK PROFILE IN BHOR BLOCK AND VILLAGE ALLOCATION UNDER SERVICE AREA APPROACH

4.1 Introduction

Bhor was a princely state and there was no bank of any type till 1944. Naturally the people had to depend on moneylender for their credit requirements. The Ruler of Bhor State, Raja Raghunathrao Pantsachiv, took the lead in establishing the first commercial bank, viz. the Bhor State Bank Limited, in August 1944. It was then merged with the State Bank of India on 2-7-1962. Subsequently, many commercial banks opened their branches in Bhor taluka as shown below.

4.2 Bank Profile in Bhor Block

(a) Scheduled Commercial Bank Branches

<u>Bank Branch</u>	<u>Date of Establishment</u>
<u>1. Public Sector Bank Branches</u>	
1) State Bank of India, Bhor	2- 7-1962
2) Bank of Maharashtra, Nasarapur	20- 1-1971
3) Bank of Maharashtra, Bhor	29-10-1971
4) Bank of Baroda, Bholawade	24-12-1983
5) Central Bank of India, Sarole	18- 6-1984
6) Central Bank of India, Velu	24- 3-1988
7) Bank of Maharashtra, Nere	29-12-1989
8) Bank of Maharashtra, Ambawade	18- 6-1990

<u>Bank Branch</u>	<u>Date of Establishment</u>
ii. <u>Private Sector Bank Branches</u>	
1) The Bank of Karad Ltd., Bhor	24- 3-1969
2) The United Western Bank Ltd., Kikvi	21- 7-1983

During the years 1962 to 1990 the number of the branches of scheduled commercial banks in the tahsil went up to 10. There are 185 villages in the tahsil in which 182 are allocated to these 10 Scheduled Bank Branches under service area approach. The remaining 3 villages have been allotted to a bank outside the taluka.

Bank of Maharashtra is the Lead Bank of Pune district. Out of 10 scheduled bank branches, 4 are of Bank of Maharashtra of which 2 branches have started functioning after the implementation of service area approach in Bhor Block.

Besides scheduled commercial bank branches, the growth of the banks in the cooperative sector is as follows.

(b) Branch Expansion of Pune District Central Co-operative Bank in Bhor Block

<u>Branch</u>	<u>Year of Establishment</u>
1) Bhor	1950
2) Nasarapur	1956
3) Kikvi	1974
4) Ambawade	1974
5) Nere	1979
6) Nhavi	1980
7) Shivare	1982
8) Bhatghar	1984
9) Kapurhol	1990

The Land Development Bank is also functioning at a wide scale in Bhor Block since 10th November 1962.

(c) Urban Cooperative Banks in Bhor City: There are two urban cooperative bank branches working in the Bhor city.

<u>Bank Branch</u>	<u>Date of Establishment</u>
1) Janata Cooperative Bank	5- 5-1962
2) Rupee Cooperative Bank	23- 4-1978

In this way both the scheduled and cooperative banks as well as Urban and Land Development Bank, the branches of which are 22 in number, are functioning in their own sectors.

Out of these 22, six branches are working in Bhor town and remaining 16 branches are working in the rural areas. One branch office of the Land Development Bank is in Bhor town.

4.3 Village Allocation Under Service Area Approach*

There has been a good number of bank branches in Bhor taluka. But these branches were mostly concentrated in Bhor town and the villages adjoining Pune-Bangalore National Highway. The allocation of villages to the bank branches is shown in Table 4.1 from which following observations are made.

- 1) As on 31-3-1991 ten branches of scheduled commercial banks were operating.
- 2) Of the 185 villages in the Bhor taluka, 182 villages have been allotted among the ten branches.

* See Annexure IV.

Table 4.1 : Consolidation Table of Village Allocation

Bank/Branch	No. of Villages	Total Population	Population of Village		Range Distance from Branch(km)		Average Distance (kms)
			Min.	Max.	Min.	Max.	
1) Bank of Maharashtra Branch Bhor	26	8,448	74	2,226	3	49	28.7
2) Bank of Maharashtra Branch Ambavade	17	14,519	67	1,741	1	7	3.9
3) Bank of Maharashtra Branch Nere	12	7,862	281	1,352	2	4	2.9
4) Bank of Maharashtra Branch Nasarapur	24	18,283	90	1,731	2	24	6.3
5) State Bank of India Branch Bhor	42	18,357	24	1,697	3	65	28.4
6) Central Bank of India Branch Velu	11	10,837	488	1,983	3	11	6.5
7) Central Bank of India Branch Sarola	9	8,696	421	2,679	1	10	6.4
8) Bank of Baroda Branch Bholawade	16	10,400	192	1,765	3	12	7.3
9) The Bank of Karad Ltd. Branch Bhor	14	7,150	34	1,023	4	23	15.4
10) The United Western Bank Ltd., Branch Kikvi	11	10,313	226	2,651	2	16	6.8
SBI Branch Ambawane (out of block branch)	3	1,559	315	912	2	4	3.0
Total	185	1,16,424	24	2,679	1	65	10.5

- 3) The remaining villages have been allotted to a bank outside the taluka.
- 4) The State Bank of India, Branch Bhore, has been allotted the largest number of villages viz. 43 villages out of 182.
- 5) The Sarola branch of Central Bank of India has been allotted the smallest number (9) of villages.
- 6) The Bhore branch of the State Bank of India serves 18,357 people of the taluka.
- 7) The Bhore branch of The Bank of Karad Ltd., caters to only 7,150 people in its service area.
- 8) The smallest village in the taluka has only 34 residents whereas population of the biggest village is 2,679.
- 9) The range of distance from a Branch to village varies from minimum 1 km to a maximum of 65 kms.
- 10) The Bhore branch of S.B.I. has the largest number of villages attached to it and the farthest village in its jurisdiction is 65 kms away. The average distance of the villages from the S.B.I. Bhore branch is 28.73 kms.
- 11) The second leading bank, Bank of Maharashtra,

branch Bhor, has been allotted 26 villages. The maximum distance from this branch to its farthest village is 49 kms. The average distance from the branch to villages is also 28.43 kms.

- 12) On an average each bank in Bhor taluka serves 11,466 people. Though this average is nearer to the national average, in view of the hilly region of the taluka it is necessary to open two branches.

According to the revised guidelines issued by the R.B.I. the distance between a branch and villages attached to it should not be more than 13 kms. In view of this, two new branches at Jogawadi and Apti are necessary.

CHAPTER V

STUDY OF THE SHARE OF COMMERCIAL BANKS IN THE BHOR TALUKA'S CREDIT PLAN AND THEIR ACHIEVEMENT OF THE TARGETS

5.1 Introduction

This part attempts to study the share of the commercial banks in the total credit plan of the taluka and to what extent the targets of credit supply have been achieved by them. For this study the following questions are posed.

- A) What was the share of the commercial banks in the block's credit plan for the years 1989-90 and 1990-91?
- B) What was the achievement of the banks with respect to their targets in the plan of 1989-90?
- C) What, if any, changes in the sectoral allocation of credit can be noticed with credit plan of 1990-91 as compared to the allocation to 1989-90 plan?

Credit plan is an important instrument of the SAA. In the guiding principles of the SAA, it is expected of the Branch Managers to visit and survey every village allotted to them, hold meetings with the villagers and prepare their branch credit plans.

5.2 Sectoral Share of the Branches of Commercial Banks in the Credit Plans of 1989-90 and 1990-91

For this the Block Credit Plans for both the years prepared by the District Lead Bank were studied. The sectoral allotment of each branch was worked out the information is presented in Tables 5.1 and 5.2.

Table 5.1 shows the share of the commercial banks in the total credit plan of the taluka. It also shows the percentage change in each share for the year 1990-91.

Table 5.2 gives the sectoral distribution of the two years along with the share of each sector to total credit. The Table 5.1 reveals the following facts:

(a) In the Taluka Credit Plan for 1989-90, the share of the commercial banks was 37.12 per cent which dropped to 31.74 per cent in the plan for 1990-91. The share of the commercial banks has declined by 5.38 percentage points.

(b) In both years the commercial banks accepted 100 per cent responsibility for non-priority credit supply in the taluka.

(c) The share of the commercial banks in supply of credit to the priority sector declined from 36-30 per cent in 1989-90 to 30-34 per cent in 1990-91. Thus there is decline of 5.90 percentage points also.

(d) Another glaring fact is that the share of the planned credit supply to agriculture declined from 32.82 per cent in 1989-90 to a mere 20.47 per cent in 1990-91.

Table 5.1 : Contribution of Scheduled Commercial Banks in AAP 1989-90 and 1990-91 : Sectoral Break-up of AAP

Sectors	(Amount in Rs. thousand)										
	AAP 1989-90					AAP 1990-91					Variation in contribution (in percentage points)
	All Bank Branches		Scheduled Commercial Banks		Percentage of contribution	All Bank Branches		Scheduled Commercial Banks		Percentage of contribution	
No. of Acc-ounts	Amount	No. of Acc-ounts	Amount	No. of Acc-ounts		Amount	No. of Acc-ounts	Amount			
I. Total Agriculture	10366	39506	2905	12963	32.82	12411	42721	1465	8741	20.47	-12.35
II. Rural Artisan, Cottage and S.S.I.	275	7029	216	2029	28.87	253	3832	245	2232	58.25	+29.38
III. Trade and Services	240	2968	240	2068	100.00	432	4153	430	3853	92.88	-7.12
IV. Other Priority	22	1693	6	1193	70.47	71	1800	68	1100	61.11	-9.36
Total Priority	10903	50296	3367	18253	36.30	13167	52506	2208	15926	30.34	-5.96
V. Non-Priority	112	577	112	577	100.00	171	1080	171	1080	100.00	0.00
Total Advances	11015	50873	3479	18330	37.12	13338	53586	2379	17006	31.74	-5.38

Table 5.2 : Sectoral Break-up of the Contribution of Scheduled Commercial Banks:
AAP 1989-90 and AAP 1990-91

Sectors	(Amount in Rs. thousand)					
	AAP 1989-90			AAP 1990-91		
	No. of Accounts	Amount	% to total advances	No. of Accounts	Amount	% to total advances
I) Total Agriculture	2905	12963	68.84	1465	8741	51.40
II) Rural Artisans, Cottage and Small Scale Industries	216	2029	10.78	245	2232	13.13
III) Trade and Services	240	2068	10.09	430	3853	22.66
IV) Other Priority	6	1193	6.34	68	1100	6.47
Total Priority	3367	18253	96.93	2208	15926	93.65
V) Non-priority	112	577	3.07	171	1080	6.35
Total Advances All Sectors	3479	18830	100.00	2379	17006	100.00

Simultaneously planned supply of credit to rural artisans, cottage and small scale industries increased from 28.87 per cent in 1989-90 to 58.25 per cent in 1990-91. It is thus clear that the commercial banks diverted their credit from agriculture to artisans and cottage and small scale industries.

(e) The share of commercial banks in supply of credit to Trade and Services sector was 100 per cent in the 1989-90 credit plan. This declined to 92.88 per cent in the plan of 1990-91. There was thus decline of 7.12 percentage points.

(f) The commercial banks' share in supply of credit to other priority sectors was 70.47 per cent in 1989-90 which declined to 61.11 per cent in 1990-91.

On the whole, the share of the commercial banks in the taluka's credit plan declined by 5.38 per centage points in the second year of the SAA (1990-91) as compared to the first year i.e. 1989-90. The share of credit to agriculture declined by 12.35 percentage points whereas the share of credit to artisans, village and small scale industries went up by 29.38 percentage points.

5.3 Achievements of the Targets in the Year 1989-90

The quarterly reports of the banks ending 31-3-1990 were studied. The information of all the banks was consolidated. The commercial banks targets were separated from the taluka's credit plan and then their achievements were compared with the targets laid down. This is shown in Table 5.3.

Table 5.3 : Details of Sectorwise and Schemewise Credit Programme of Scheduled Commercial Banks in Bhor Block and Its Achievement

(Service Area Villages: 185)

(Amount in Rs. thousand)

Sector	A.A.P. 1989-90		Achievement upto 31st March 1990		Percentage of Achievement	
	No. of Accounts	Amount to be disbursed	No. of Accounts	Amount disbursement	Accounts	Amounts
I. Agriculture						
A) Crop loans	1210	2147	106	933	8.76	42.46
a) Cereals	596	441	2	5	0.33	0.13
b) Pulses and Oilseeds	341	440	-	-	0.00	0.00
c) Sugarcane	40	330	103	920	157.5	177.79
d) Onion	37	102	-	-	0.00	0.00
e) Vegetables	166	738	1	8	99.40	1.09
f) Others	30	96	-	-	0.00	0.00
I. B) Term loans	287	3789	92	1406	32.06	33.11
a) Minor irrigation	202	2727	69	1101	34.16	40.37
b) Pumpsets	55	342	11	73	20.00	21.35
c) Tractors	4	430	4	165	100.00	33.37
d) Threshers	10	154	-	-	0.00	0.00
e) Horticulture Development Programme	3	71	-	-	0.00	0.00
f) Other	13	65	8	67	61.54	102.08
I. C) Allied Activities	1408	7027	984	3718	68.89	51.91
a) Dairy	861	3905	814	2719	93.54	68.63
b) Poultry	62	1270	10	232	15.13	17.27
c) Bio-gas	151	1056	29	184	18.21	16.42
d) Others	334	796	131	584	38.22	72.37
Total Agriculture	2905	12963	1182	6059	39.69	45.74
II. Rural Artisans, Cottage and Small Scale Industries						
	216	2029	125	1861	56.87	90.72
III. Trade and Services						
	240	2068	337	2880	139.42	138.26
a) Retail trade	97	972	63	822	63.95	83.57
b) Small business	117	925	261	1471	222.08	158.03
c) Others	26	171	13	587	50.00	342.27
IV. Other Priority						
	6	1193	146	1795	2432.33	149.46
Total Priority (I to IV)	3367	18253	1790	12595	52.17	68.00
V. Non-Priority						
	112	577	348	2280	309.71	394.15
Total Advances/ (to all sectors)	3479	18830	2138	14875	60.45	77.99
Under IRDP	825	2176	570	2147	68.09	97.67

Study of the Table 5.3 bares the following facts.

(1) The banks achieved 78 per cent of the targets laid down for them in the year 1989-90.

(2) Only 68 per cent of the targets were achieved about supply of credit to the priority sector. Only 52 per cent of the depositors target could be achieved.

(3) Banks far exceeded their target (394.15 per cent) in the supply of credit to non-priority sector. Shortfall in the target of credit supply to priority sector and exceeding the target in the non-priority sector is quite inconsistent with the spirit of the SAA. It also frustrates the idea behind the credit planning.

(4) The glaring failure of the first year of the SAA (1989-90) has been the achievement of only 45.74 per cent of the target of credit supply of agriculture.

(5) Supply of term loans to agriculture was achieved at 33.11 per cent of the target.

(6) Only 1 per cent of the target about supply of crop loans for cereals, pulses, oilseeds, onion and vegetables could be achieved.

The crop loan achievement was only 42.46 per cent of the target.

(7) The credit supplied to occupations supplementary to agriculture was also only 52 per cent of the target. Even supply of credit to the expanding poultry business was only 17.27 per cent of the target. Similar is the case in respect of bio-gas installations.

(8) Banks have achieved 91 per cent of the target about small scale and village industries.

(9) The credit for trade and services has more than met the target (138.26 per cent).

In short, in the first year of the SAA banks have done fairly well in supply of credit to village and small scale industries, trade and services and non-priority sectors. But they could achieve only 42.46 per cent of the target of credit supply to agriculture, and 68 per cent to priority sector. The overall achievement was also only 78 per cent of the targeted credit supply.

5.4 Changes in the Share of Planned Credit Allotted to the Commercial Banks in the Year 1990-91

The planned credit supply of all the commercial banks in Bhor taluka was aggregated for the years 1989-90 and 1990-91 and these were then deducted from the credit plans of the taluka. Thus the credit plans for commercial banks have been worked out and presented in Table 5.4. The study of this Table reveals the following facts.

(i) The share of commercial bank credit in the taluka plan which was Rs.1,88,30,000 in 1989-90 came down to Rs.1,70,06,000 in the year 1990-91. The banks share in the taluka plan thus came down from 37.12 per cent in 1989-90 to 31.74 per cent in 1990-91.

(ii) The share of commercial banks credit to the priority sectors in the taluka also was reduced from

Table 5.4 : Service Area Approach : Annual Action Plan 1990-91 (All Scheduled Commercial Bank Branches in Bhor Block)

No. of Branches : 10
No. of Villages : 185

	(Amount in Rs. thousand)				
	A.A.P. 1989-90		A.A.P. 1990-91		Variation in 1990-91
	No. of Accounts	Amount	No. of Accounts	Amount	
Cereals	596	441	10	15	- 426
Pulses and oilseeds	341	440	15	45	- 395
Sugarcane	40	330	66	409	+ 79
Onion	37	102	10	50	- 52
Vegetables	166	738	37	100	- 638
Others	30	96	48	294	+ 198
I. A) Crop loans	1210	2147	186	913	-1234
Minor irrigation	202	2727	117	1437	-1290
Pumpsets	55	342	74	493	+ 151
Tractors	4	430	3	400	- 30
Threshers	10	154	2	15	- 139
Horticulture Development Programme	3	71	6	85	+ 14
Others	13	65	19	269	+ 204
I. B) Term Loans	287	3789	221	2699	-1090
Dairy	861	3905	741	3083	- 822
Poultry	62	1270	7	545	- 725
Bio-gas	151	1056	100	712	- 344
Others	334	796	210	789	- 7
I. C) Allied Activities	1408	7027	1058	5129	-1898
I. Total Agriculture	2905	12963	1465	8741	-4222
II. Rural Artisans, Cottage and Small Scale Industries	216	2029	245	2232	+ 203
Retail Trade	97	972	127	1183	+ 211
Small Business	117	925	160	860	- 65
Others	26	171	143	1810	+1639
III. Trade and Services	240	2068	430	3853	+1785
IV. Other Priority	6	1193	68	1100	- 93
Total Priority (I to IV)	3367	18253	2208	15926	-2327
V. Non-Priority	112	577	171	1080	+ 503
Total Advances (All Sectors)	3479	18830	2379	17006	-1824
Expected under IRDP	825	2176	1200	4200	+2024

Rs.1,82,53,000 in 1989-90 to Rs.1,59,26,000 in 1990-91. In percentage terms the share came down from 36.30 per cent to 30.34 per cent.

(iii) But the share of planned credit by commercial banks to non-priority sector increased from Rs.5,77,000 in 1989-90 to Rs. 10,80,000 in 1990-91. The whole of credit supply to non-priority sector would be done by commercial banks only.

(iv) Trade and Services - The commercial banks' share in this sector was Rs. 20,68,000 in 1989-90 and Rs. 38,53,000 in 1990-91. In 1989-90 the credit to this sector was supplied by the commercial banks only (100 per cent). However, in 1990-91 the banks' share was reduced to 92.88 per cent in the Block Credit Plan.

(v) Similarly the credit allotment to commercial banks for the village and small scale industries increased from Rs. 20,29,000 in 1989-90 to Rs. 22,32,000 in 1990-91. The planned share of credit to this sector from commercial banks increased from 28.87 per cent in 1989-90 to 58.25 per cent in 1990-91.

(vi) Advances to agriculture from commercial banks declined from Rs.1,29,63,000 in 1989-90 to Rs. 87,41,000 in 1990-91. The share in percentage was reduced from 32.42 per cent to 20.47 per cent.

(vii) There has also been significant fall in the

banks' credit to agro allied sector from Rs. 70,27,000 in 1989-90 to Rs. 51,29,000 in 1990-91.

(viii) The planned amount of crop loans also decreased from Rs. 21,47,000 in 1989-90 to Rs. 9,13,000 in 1990-91. Similar trend was noticed in term loans. It got reduced from Rs.37,89,000 in 1989-90 to Rs. 26,99,000 in 1990-91.

CHAPTER VI

STUDY OF THE EFFECT OF SAA ON THE OPERATIONS OF THE SCHEDULED COMMERCIAL BANKS IN BHOR TALUKA

6.1 Introduction

As on 31-3-1991, there were 10 branches of scheduled commercial banks in Bhore taluka, two of which were opened after the SAA came in force. Of the 10 branches, four belong to the Lead Bank i.e. Bank of Maharashtra, two branches of Central Bank of India, one branch of Bank of Baroda and one branch of State Bank of India. Thus eight branches of the nationalized banks. One branch each of the United Western Bank Ltd., and the Bank of Karad belong to the private sector. Out of these 10 branches, three are operating in Bhore town, one is just on the outskirts of the town. There are four branches operating at Velu, Kikvi, Nasarapur and Sarole villages on the Pune-Bangalore National Highway. Of the two newly-opened branches, one is at Ambawade and the other is at Nere. The SAA is being implemented by all these banks and out of 185 villages, 182 villages of the taluka have been distributed amongst them. The remaining 3 villages have been allotted to a bank outside the taluka.

This study tries to find the effects of the SAA during the limited period of two years, i.e. 1989-90 and 1990-91, on

the working of the above 10 branches with special reference to the impact of SAA on :

- a) The total deposits and the number of depositors classified into current accounts, savings accounts and term deposit accounts; and
- b) Total advances and number of borrowers sub-classified on advances to agriculture, small scale industries and other priority sectors, non-priority sector and those under the IRDP.

Tables 6.2 and 6.3 and 6.4 and 6.5 give comprehensive information about (a) and (b) above from 31-3-1985 to 31-3-1991.

6.2 Study of the Effect of SAA on the Total Deposits and the Number of Depositors

Table 6.1 gives the information on annual rate of growth of total deposits from March 1986 to March 1991.

Table 6.1 : Total Deposits : Annual Rate of Growth

Year	Annual rate of growth
March 1986	33.59
March 1987	20.52
March 1988	15.39
March 1989	17.06
March 1990	16.73
March 1991	12.91

Table 6.2 : Variations in Amount of Deposit of Scheduled Commercial Bank Branches in Bhor Block (From March 1985 to March 1991)

	(Amount in Rs. lakhs)						
	March 1985	March 1986	March 1987	March 1988	March 1989	March 1990	March 1991
Total Deposit	417.48	557.72 (33.59)	672.18 (20.52)	775.66 (15.39)	908.01 (17.06)	1059.93 (16.73)	1196.76 (12.91)
Current Deposit	48.35	39.32 (-18.68)	53.50 (36.06)	63.16 (18.06)	61.78 (2.18)	75.05 (21.48)	39.07 (-47.94)
Savings Deposit	143.05	158.60 (10.87)	181.25 (14.28)	208.70 (15.14)	252.34 (20.91)	302.45 (19.86)	293.60 (-2.93)
Term Deposit	226.08	359.80 (59.15)	437.43 (21.57)	503.80 (15.17)	593.89 (17.88)	682.43 (14.91)	864.09 (26.62)
No. of Branches	7	7	7	8	8	9	10

Note : Figures in brackets indicate variations over previous years in percentage terms.

Table 6.3 : Variations in No. of Accounts of Deposit of Scheduled Commercial Banks in Bhore Block (From March 1985 to March 1991)

	March 1985	March 1986	March 1987	March 1988	March 1989	March 1990	March 1991
Total No. of Accounts	24,733	26,508 (7.18)	29,837 (12.56)	33,551 (11.78)	36,902 (10.65)	40,861 (10.75)	43,236 (5.81)
Current Accounts	334	324 (-2.99)	308 (-4.94)	346 (12.34)	378 (9.25)	442 (16.93)	563 (27.31)
Savings Accounts	18,070	19,539 (8.33)	21,491 (9.99)	25,163 (7.98)	27,170 (10.66)	30,067 (10.66)	31,000 (3.10)
Term Deposit Accounts	6,329	6,645 (4.99)	8,038 (20.96)	7,842 (19.28)	9,354 (10.67)	10,352 (10.67)	11,673 (12.76)
No. of Branches	7	7	7	8	8	9	10

Note : Figures in brackets indicate variations over previous years in percentage terms.

Graph 6.1 : Total Deposits

Scale -

ON X axis - 2cm = 1 YEAR

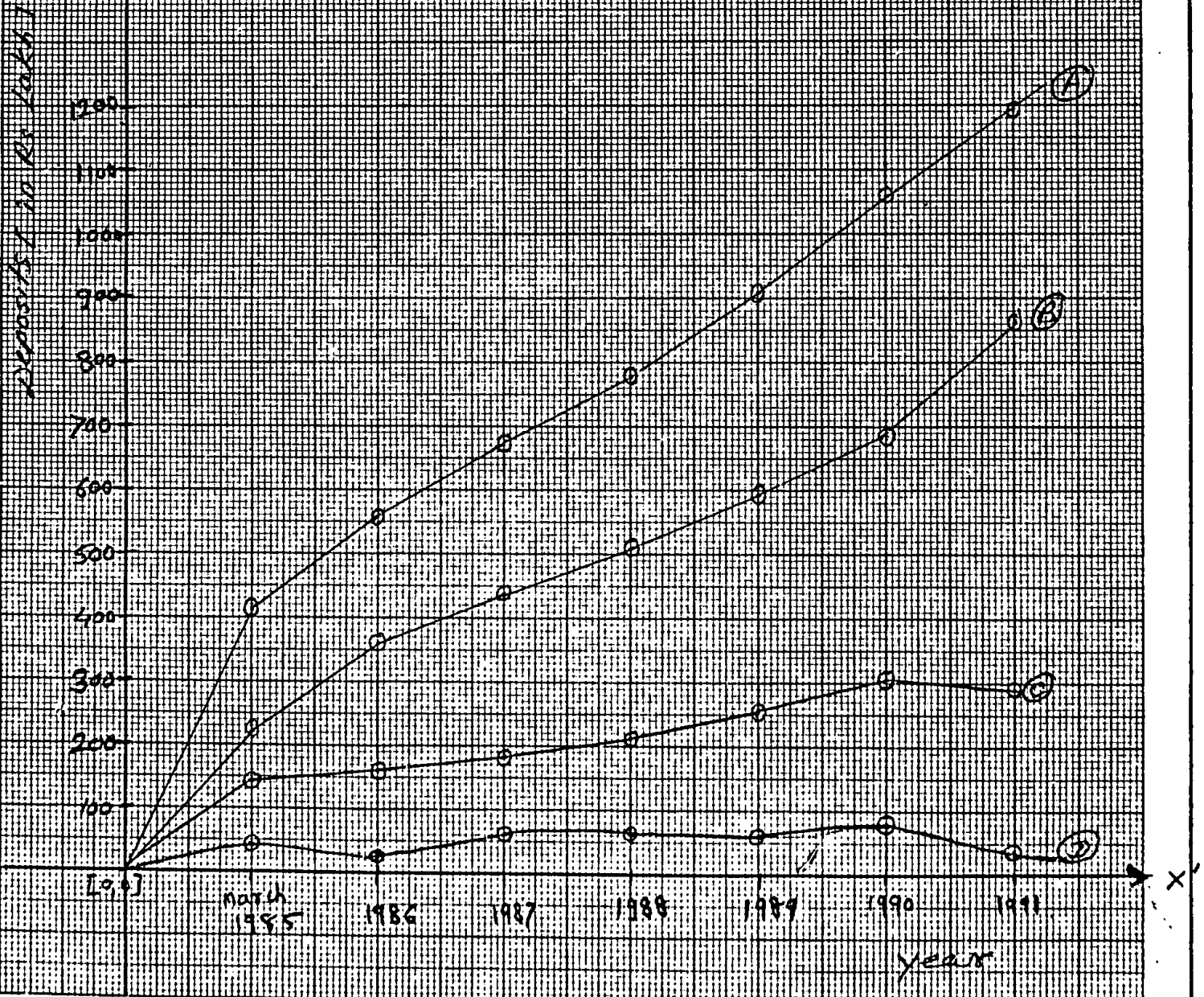
ON Y axis - 1cm = 100

Total Deposits (A)

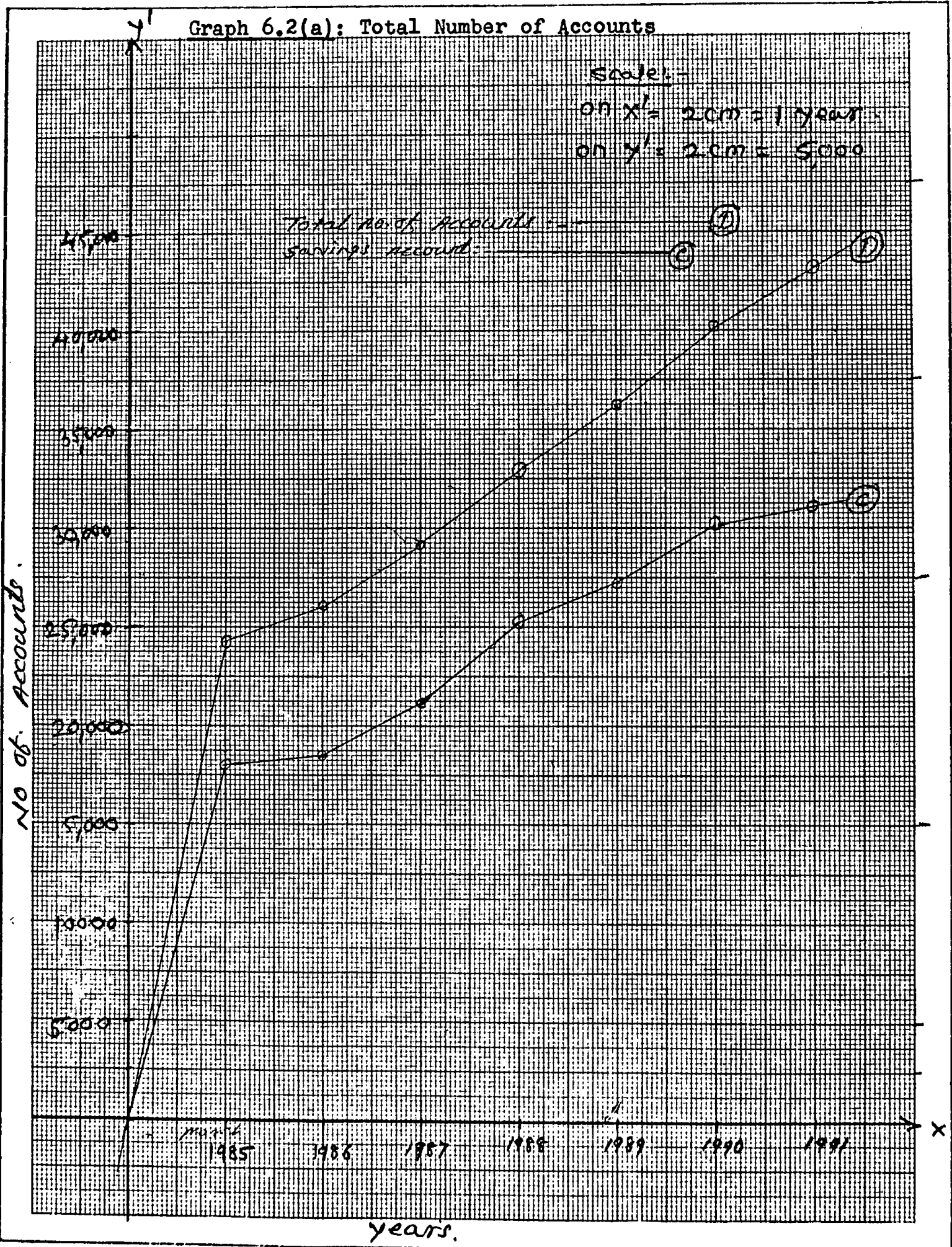
Term Deposits (B)

Savings Deposits (C)

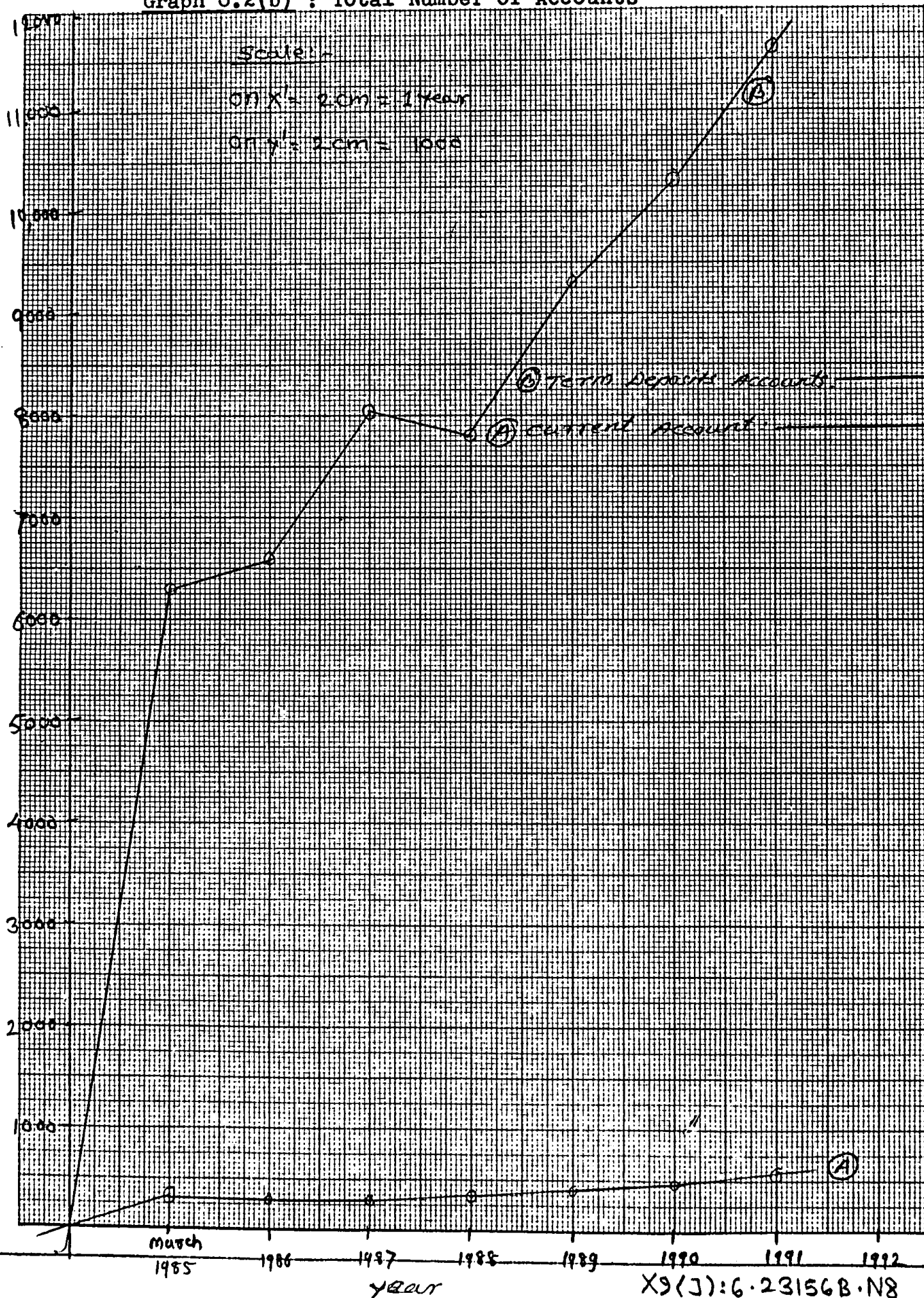
Current Deposits (D)



Graph 6.2(a): Total Number of Accounts



Graph 6.2(b) : Total Number of Accounts



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Study of the Tables 6.2 and 6.3 reveals the following trends.

(i) Total Deposits: During the period March 1985 to March 1991 the total deposits increased from Rs. 417.48 lakhs to Rs. 1196.76 lakhs. However the annual rate of growth shows a persistently declining trend in these six years viz., 33.59, 20.52, 15.39, 17.06, 16.73 and 12.91 per cent. The two years after the SAA have not reversed this trend.

(ii) Account Holders: The customers of the banks have increased from 24,733 to 43,236 during this period. Here also, the rate of growth has perceptibly fallen during the two SAA years.

The average deposit amount per depositor increased from Rs. 1,688 to Rs. 2,768.

(iii) Current Accounts: With the development of trading and commercial establishments, the current accounts in banks tend to increase. This is reflected in the number of current accounts, which increased from 334 in 1984-85 to 563 in 1990-91. The growth rate in the SAA period has been remarkable at 16.93 in 1989-90 and 27.37 in 1990-91. However, there is some anomaly about current deposit amount which increased from Rs.48.35 lakhs in 1985-86 to Rs.61.78 lakhs in 1988-89. In the first year of the SAA, the current deposits increased upto Rs. 75.05 lakhs but dropped significantly to Rs. 39.07 lakhs in the year 1990-91.

(iv) Savings Accounts also reveal similar trends of current accounts. The savings deposits increased from Rs.143.05 lakhs in 1984-85 to Rs. 293.60 lakhs in 1990-91. But the rate of growth of deposit which was increasing upto 1988-89 declined in the two SAA years, so much so that it was negative (-2.93) in 1990-91. However, the number of savings depositors increased from 18,070 to 31,000 from 1984-85 to 1990-91. But the rate of growth was about 10.66 per cent upto 1989-90 declined to 3.10 per cent in 1990-91. The fall in deposits and slow rate of growth in accounts during the SAA may be due to the confusion caused in the minds of the people due to the SAA as they were reallocated to different branches.

(v) Term Deposits: These deposits are useful to banks to meet their credit demands. These deposits increased from Rs.226.08 lakhs in 1984-85 to Rs. 864.09 lakhs in 1990-91 at accelerating annual rate.

It can be inferred that banks now cater to larger number of people though this may not be solely attributed to SAA.

6.3 Study of the Effect of SAA on the Total Advances and the Number of the Borrowers

(i) The total advances of the scheduled commercial banks in Bhor taluka increased from Rs. 232.59 lakhs to Rs. 498.33 lakhs from March 1985 to March 1991. However, the rate of growth in advances does not show any constant

**Table 6.4 : Variation in Advances of Scheduled Commercial Bank Branches in Ehor Block
(From March 1985 to March 1991)**

	(Amount in Rs. lakhs)						
	March 1985	March 1986	March 1987	March 1988	March 1989	March 1990	March 1991
Total advance at all sectors	232.59	259.45 (11.55)	294.92 (13.67)	334.43 (13.40)	401.70 (20.11)	434.21 (8.09)	498.33 (14.77)
Total Agriculture	43.12	51.90 (20.36)	60.72 (16.99)	92.58 (52.47)	110.22 (19.05)	119.82 (8.71)	152.33 (27.13)
Small Scale Industries and Other Priority	120.74	137.45 (13.84)	161.90 (17.79)	162.39 (0.30)	198.80 (22.42)	211.46 (6.37)	156.66 (-25.91)
Total Priority	163.86	189.35 (15.56)	222.62 (17.57)	254.97 (14.53)	309.02 (21.20)	331.28 (7.20)	309.00 (-6.72)
Non-Priority	71.73	70.10 (-2.27)	72.30 (3.14)	79.46 (9.90)	92.61 (16.54)	102.93 (11.14)	189.33 (83.94)
I.R.D.P.	18.31	22.16 (21.56)	29.13 (31.45)	40.01 (37.34)	53.47 (33.64)	63.17 (18.14)	81.39 (28.84)
No. of Branches	7	7	7	8	8	9	10

Note : Figures in brackets indicate variations over previous years in percentage terms.

Graph 6.3 : Total Advances to All Sectors

Scale:

on X: 200 = 1 year

on Y: 400 = 100

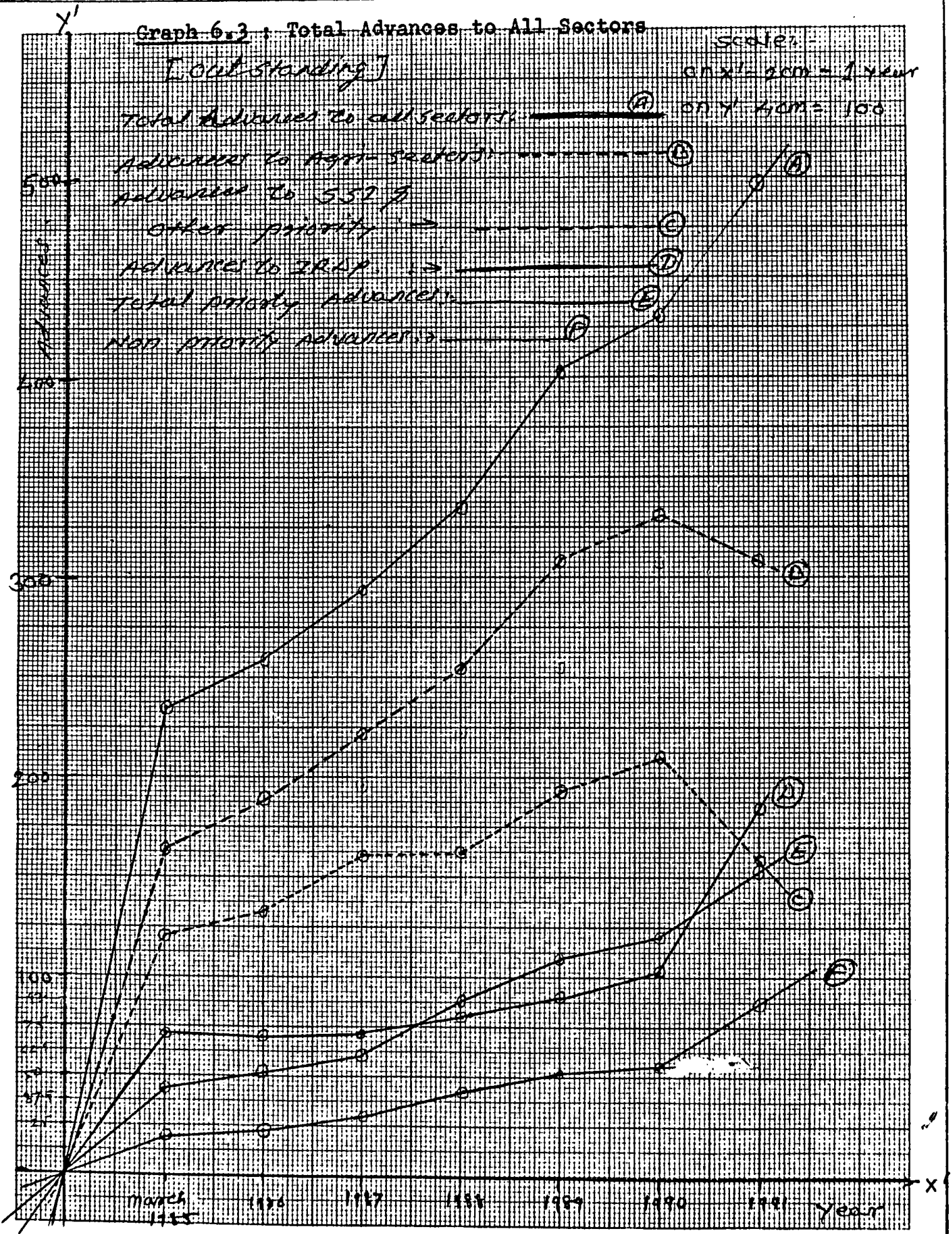


Table 6.5 : Variation in No. of Borrowers of Scheduled Commercial Bank Branches in Bhor Block (From March 1985 to March 1991)

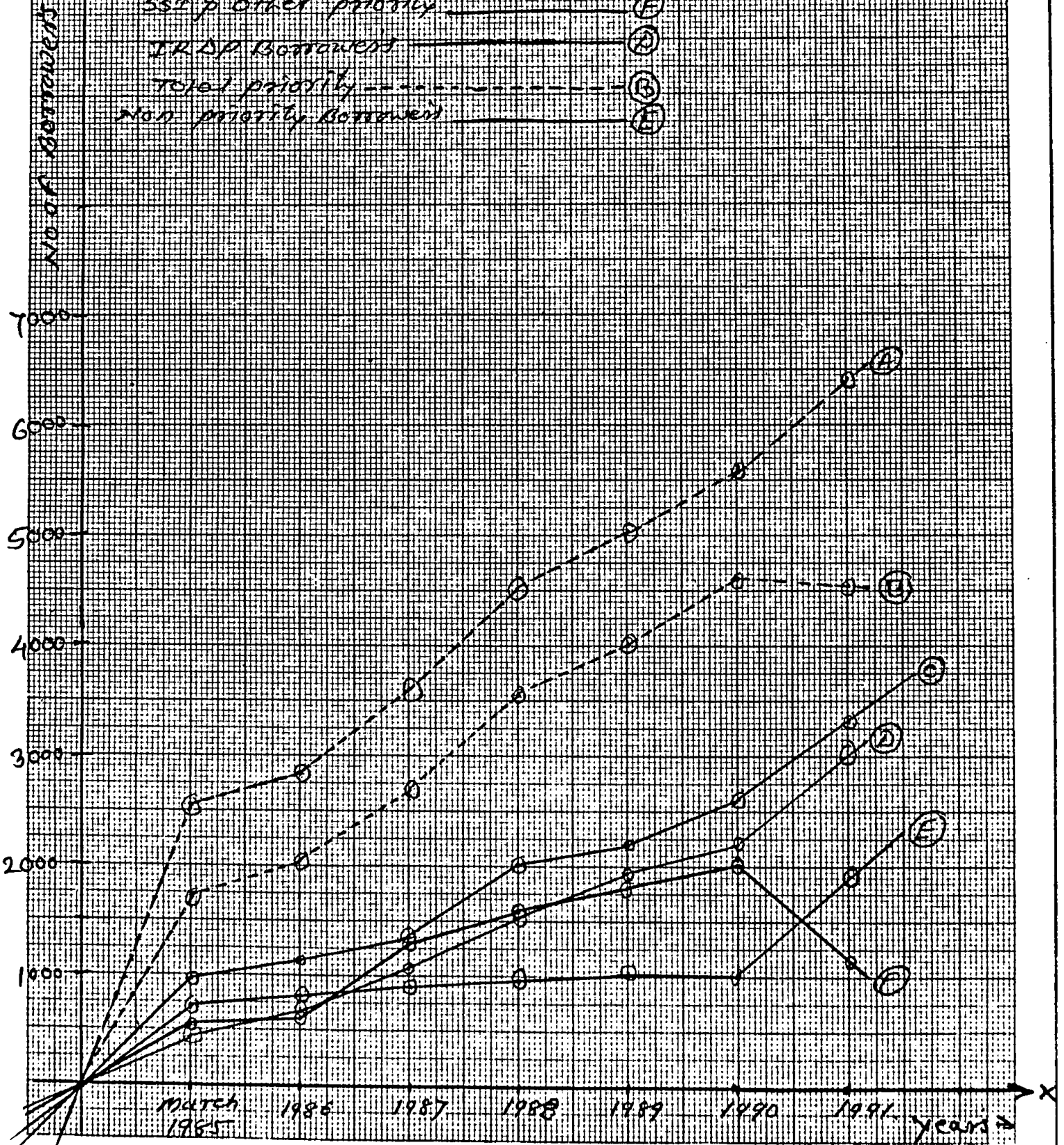
	March 1985	March 1986	March 1987	March 1988	March 1989	March 1990	March 1991
Total No. of Borrowers	2,548	2,868 (12.56)	3,626 (26.43)	4,534 (25.04)	5,042 (11.20)	5,663 (12.32)	6,481 (14.44)
Agriculture	967	1,168 (20.79)	1,347 (15.33)	2,006 (48.92)	2,195 (9.42)	2,633 (19.95)	3,372 (28.07)
Small Scale Industries and Other Priority	548	643 (17.34)	1,351 (110.10)	1,543 (14.21)	1,824 (18.21)	2,015 (10.47)	1,184 (-41.24)
Total Priority	1,764	2,046 (15.99)	2,698 (31.87)	3,549 (31.54)	4,019 (13.24)	4,628 (15.65)	4,556 (-1.98)
Non-Priority	784	822 (4.85)	928 (12.90)	985 (6.14)	1,023 (3.85)	1,015 (-0.78)	1,925 (89.65)
I.R.D.P.	490	714 (45.71)	1,069 (49.72)	1,546 (44.62)	1,937 (25.29)	2,207 (13.94)	3,026 (37.11)
No. of Branches	7	7	7	8	8	9	10

Note : Figures in brackets indicate variations over previous years in percentage terms.

Graph 6.4 : Total Number of Borrowers

Scale: -

- Total no. of Borrowers ----- (A)
 - Borrowers in Agri sectors ----- (C)
 - SSP & other priority ----- (E)
 - IRDP Borrowers ----- (D)
 - Total priority ----- (B)
 - Non priority Borrowers ----- (F)
- ON X' = 2 CM = 1 Year
ON Y' = 2 CM = 1000



trend. From 1984-85 to 1988-89 it rose from 11.55 per cent to 20.11 per cent but in the very first year of the SAA it dropped to 8.9 per cent and improved to 14.77 per cent in 1990-91. This may be due to the transitional stage.

However, the number of borrowers increased from 2,548 in 1984-85 to 6,481 in 1990-91 and the annual rate of growth has been increasing. This is a clear proof of the increasing banking.

(ii) Agricultural Loans : Banks give credit to farmers either in cash or kind. They also give from IRDP Schemes and outside IRDP agricultural loans. Agricultural loans are important in priority loans.

The agricultural loan disbursal increased from Rs.43.12 lakhs in 1984-85 to Rs. 152.33 lakhs in 1990-91. The SAA years saw the growth rates of these loans rising from 8.71 per cent to 27.13 per cent. The number of agriculture borrowers also increased from 967 to 3,372 during the period of 1984-85 to 1990-91.

(iii) Advances to Small Scale Industries and Other Priority Sectors: For the sake of convenience the priority lending has been divided into agricultural and non-agricultural priority sector. In the latter are included SSI and other priority sector advance. The Table 6.4 reveals that non-agricultural priority advances increased from Rs.120.74 lakhs to Rs.198.80 lakhs from 1984-85 to 1988-89 but declined

to Rs. 156.66 lakhs in 1990-91, the second year of the SAA. On the whole there has been fall in the proportion of non-agricultural priority advances in the SAA year. The number of borrowers in this category has also significantly declined during the SAA years.

(iv) IRDP Advances : Both the advances and the number of borrowers under the IRDP have increased from Rs. 18.31 lakhs to Rs. 81.39 lakhs from 1984-85 to 1990-91 and the number from 490 to 3,026 respectively. The rates of growth for the advances and the number of borrowers during the SAA years also increased from 18.14 per cent in 1989-90 and 28.84 per cent in 1990-91 and from 13.94 per cent to 37.11 per cent respectively.

(v) Total Priority and Non-priority Advances: Though the priority advances have been increasing, during the two years of the SAA, the rate of growth declined from 7.20 per cent to -6.72 per cent. As regards non-priority advances in 1989-90, 1,015 borrowers received Rs.102.93 lakhs (11.14 per cent increase) whereas in 1990-91 the advances rose to Rs. 189.33 lakhs by 1,925 borrowers (83.94 per cent increase). As compared to increase in the priority advances, the non-priority rise has been significant. The commercial banks seem to be more inclined towards the latter.

CHAPTER VII

STUDY OF THE HUMAN RESOURCES AVAILABLE IN THE BANKS IN BHOR TALUKA

7.1 Introduction

The Service Area Approach has been introduced in rural banking by the Reserve Bank of India with effect from 1-4-1989. The Approach involves five stages mentioned below:

- i) Identification of the service area for each branch;
- ii) Survey of the service area for assessing the potential for lending for different activities;
- iii) Selection of beneficiaries;
- iv) Preparation of credit plans on annual basis and their coordination;
- v) Continuous system of monitoring of the activities.

With this approach it is expected that the branches would give their concentrated attention to the development of the particular area assigned to it. This will make fruitful comparison possible and remedial measures can be taken to spur the branches falling behind. It will avoid duplication and overlapping of efforts. The lending in specific area can be planned and properly organized. The end-use of credit can be more easily and effectively supervised. The

staff will have a sense of involvement and can be proud of their achievements. This will lead to improvement in the quality of lending and its optimum use.

For the success of any developmental programme, a team of active, honest, sincere and motivated staff is absolutely necessary. The staff also needs to be trained for undertaking new responsibilities. They must know what is expected of them and about their role in the set-up.

The following information has been collected from the questionnaire given to each staff member during the period April to June 1990.

7.2 Information About the Officers

There were in all 19 officers. Of these 10 officers had their families at Pune and they commuted to and fro Bhor every day. It is a bus journey and takes anything from $1\frac{1}{2}$ to 2 hours one way. One officer stayed at Shirwal and six stayed at their places of posting:

(a) The officers' choice of posting is given below:

1) Urban place	9
2) Semi-urban	1
3) Rural	5
4) No particular choice	4

Of the 19 officers, 16 were born and brought up in cities.

(b) The social classification of the officers is as shown below:

Open/Advanced	14
Scheduled Castes	2
Scheduled Tribes	-
Other Backward Class	2
Nomadic Tribes	1

(c) The educational qualificationwise classification of the officers is given below:

B.Sc.	4
B.Sc. (Agriculture)	3
M.Sc. (Agriculture)	1
B.Com.	6
M.Com.	1
B.A.	3
S.S.C.	1

Two of them are also Law graduates.

(d) When queried about their opinion as to who benefited from the banks, the following were the response:

1) Advanced classes of society	2
2) Persons below poverty line	9
3) Middle and poor people	4
4) No answer	4

(e) About political intervention in their decisions about loan sanction and disbursements, eleven of them replied

that such intervention was there while eight replied in the negative.

(f) When asked about the S.A.A., 14 officers knew about it; four admitted ignorance and one officer knew very little about it.

7.3 Information About the Clerical Staff

(a) The 33 clerical staff can be classified as under:

Cashier	7
Cashier-cum-Clerk	8
Clerk	17
Clerk-cum-typist	1

Of the 33 clerical staff, 7 were females and 26 males.

(b) Social classification:

Advanced	21
Scheduled Castes	6
Scheduled Tribes	2
Nomadic Tribes	1
Other Backward Class	1
Not stated	2

Fourteen employees were born in villages and 19 in cities.

(c) Choice of posting:

Urban posting	12
Rural posting	17
Anywhere	4

(d) Those who had orientation training in banking service were 26 and those without such training were seven.

(e) In reply to the query about political interference in sanctioning of loans, 17 replied in the affirmative, 14 in the negative and 2 did not respond. Out of 33 clerical staff only 13 knew about the S.A.A.

(f) Place of residence : Of the 33 respondents, 8 stayed in Pune, 17 at the places of their posting and 8 at other places.

7.4 Staff Structure in the Context of S.A.A.

The staff structure in rural branches is broadly as follows:

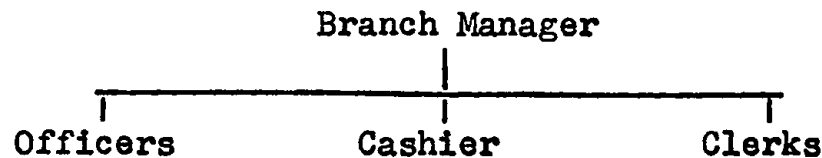


Table 7.1 shows the staffing pattern of the branches of various banks in Bhor taluka.

However, the staff members are, in addition to routine office matters and transactions, expected to undertake the following work implied in the S.A.A.

- 1) Supervision over loan utilization.
- 2) Improvement in the conditions of agriculture loans.
- 3) Public contact to increase deposits.
- 4) Improvement in loan recovery.

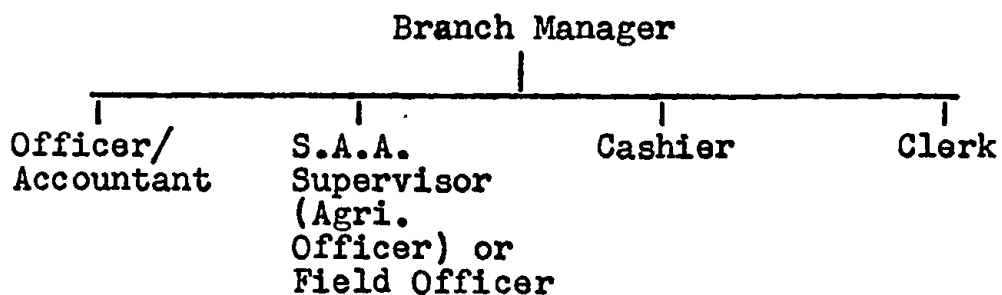
Table 7.1 : Staff Position of Commercial Banks in Bhore Taluka as on 31-3-1990

Name of the Bank	Branch	Branch Manager	Officer	Special Officer	Agri. Officer	Accountant	Super-visor	Cashier and Cashier-cum-Clerk	Clerk	Clerk Typist	Total
1) The United Western Bank Ltd.	Kikvi	1	1	-	-	-	-	1	2	-	5
2) The Karad Bank Ltd.	Bhor	1	-	-	-	-	-	1	2	-	4
3) Bank of Maharashtra	Nasara-pur	1	-	1	1*	-	-	1	3	-	6.5
4) - do -	Bhor	1	1	-	1*	-	-	1	5	-	8.5
5) - do -	Nere	1	-	-	-	-	-	-	1	-	2
6) Central Bank of India	Sarola	1	1	-	-	-	-	1	1	-	4
7) - do -	Velu	1	-	-	-	-	-	1	-	-	2
8) Bank of Baroda	Bholawade	1	1	-	-	-	-	1	-	-	3
9) State Bank of India	Bhor	1	1	-	-	1	1	8	4	1	17
Total		9	5	1	1	1	1	15	18	1	52

* Part-time.

- 5) Arranging of village meeting and explaining the various schemes.
- 6) Encouraging the educated unemployed for self-employment.
- 7) Scrutiny of loan applications.
- 8) Supervision over the loan-use of the borrowers below poverty line and offering suggestions about raising their productivity.

In view of these additional non-quantifiable duties, it is necessary to have additional and specialized staff in the rural branches. During discussions with the Branch Managers, the following staff pattern was considered necessary by them.



The question of adequacy of the staff was taken up for consideration. The staff productivity is the main criterion fixed by the Reserve Bank of India and the Central Government in deciding upon the staff strength. A turnover of about Rs. 40 lakhs per employee is expected. However, this criterion is not considered appropriate for the rural branches. The rural branches have to deal with ignorant and illiterate customers who are also poor. There are

various difficulties in increasing bank business in rural areas. The transactions are numerous but the amount involved is comparatively very small. It is necessary that the RBI and the Government should consider the criteria for staffing pattern of rural branches.

The need for additional staff was discussed with the branch managers. The seven branch officers in Bhor taluka expected an addition of 15 employees, which include 1 officer, 3 supervisors, 1 accountant and 10 clerks. This need of additional staff was made in view of the workload prior to the introduction of the S.A.A. Due to the S.A.A., the managers wanted 4 Officers, 1 Accountant and 10 Clerks for S.A.A. work.

CHAPTER VIII

INTERVIEWS WITH BRANCH MANAGERS

8.1 Introduction

In order to understand the views about the SAA the nine Branch Managers in the taluka were contacted. The interviews were conducted prior to June 1990 after which one more branch was opened at Ambawade. The manager of that branch was not interviewed. Initially a questionnaire (Annexure II) was circulated and it was followed by personal interview. The SAA had completed one year by the time the interviews were held so that the managers had some experience of implementing the scheme. The conviction of the staff in the utility or otherwise of any scheme and their sincere efforts are the two factors on which the success of any scheme depends.

8.2 Views of the Branch Managers About SAA

Question No. 1 pertains to the likely advantages the branches may enjoy. Seven of the nine officers hoped that since loan disbursement will be restricted to a particular area, there will be significant development in contact with the rural people. Obtaining loans from more than one bank will not be possible. There will be improvement in sanctioning, disbursing, supervising and recovery of loans. One

Branch Manager opined that it would be too early to make any comment. Another officer feared that his branch would suffer because all the prosperous villages with which he dealt previously were allocated to other banks. On the whole, there was optimism about the SAA.

Question No. 2 : About the likely disadvantages and difficulties of the scheme, the following problems were enumerated.

- 1) Deposit mobilization will be affected.
- 2) As there will be area restriction, the bank will be morally bound to meet the credit needs of that particular area or otherwise they would have no access to any other commercial bank. Prior to SAA, banks had no qualms about refusing a loan.
- 3) Identification of the borrower is done by the Panchayat Samiti in the IRDP. The same procedure will have to be followed by banks which they do not think proper. They thus betrayed their suspicion about the Panchayat Samiti.
- 4) Loans though not required, will be sought for only because of the subsidy. The object and security of the loan will be identical. This will adversely affect the productivity of the branches.

- 5) SAA and the loan waiver scheme were declared in the same year. The recovery problem is based to become acute.

Question No. 3 was about the likely benefits of the SAA to the villagers.

The responding Branch Managers agreed that the required loans would be easily available; the agencies of securing the loans would be less; the ability and willingness to save may increase; the banks would have more female customers. However, they thought that the accounts would be opened with an eye on loans in future.

Question No. 4 pertained to the separate arrangements, if any, with the banks for receiving applications identification of borrowers, scrutiny, sanction and recovery of the loans.

No branch had separate section for this work. However, additional appointment is made or addition work is entrusted to someone as per requirements. In each of the 7 out of the 9 banks, one employee looked after the loan work upto the sanction stage. In the remaining 2 banks there was no staff exclusively for this work.

Question No. 5 tried to ascertain the method by which banks propagated their various loan schemes amongst the people.

- 1) Two out of the 9 banks explained their schemes only to those who went to their branches.

- 2) Some banks took into confidence the Sarpanch and the Gramsevaks for this.
- 3) Eight banks held village meetings.
- 4) Two banks distributed printed pamphlets detailing their schemes.

Question No. 6 tried to know if any of the banks tried to make some new or novel method about loan operations, recoveries or for raising incomes of the borrowers.

None had attempted any new idea about these matters. Only one bank distributes loans on the cattle market day.

Question No. 7 focussed on the efforts made by the banks to increase deposits.

Most of them followed the conventional and routine method of observing 'Savings Weeks', held village meetings, contacted the Sarpanchas, the Gramsevaks and the villagers.

The staff of one nationalized bank made special efforts. They contacted every village in the hilly area and tried to secure deposits from those members who also work in Bombay. They also contacted retired employees and induced them to deposit their P.F. amount. They also contact those whose Life Insurance policies mature after contacting the LIC Agents and those who have sold land. These people have cash with them and they can be persuaded to deposit some money.

Question No. 8 tried to ascertain if due to the SAA, there was improvement in loan disbursement. The period of

loan disbursement was not reduced. Personal loans are sanctioned within 15 days. It takes about 3 months for borrowing below the poverty line as the loan applications are routed through Panchayat Samiti and subsidy received from DRDA. However, one definite improvement has been that the required documents are now received quickly and with less efforts.

Question No. 9: When asked if the SAA resulted in better supervision over the use of the loan, four officers replied in the affirmative, two replied in the negative and three did not give any reply as the scheme was in the initial stage only. It is clear that banks do not have proper supervision over the loan use.

Question No. 10: wanted to know the impact of SAA on loan recovery. Only four officers replied this question and their answer was unqualified 'no'. They gave figures to substantiate their reply.

Bank	Recovery	
	1988-89	1989-90
A	80	60
B	40	30
C	65	62
D	55	40

The officers opined that the problem of overdues is mainly about the government schemes and due to the loan waiver scheme.

Question No. 11: Elicited the following difficulties in sanctioning of loans.

- 1) Local pressure on bank's decisions.
- 2) Timely submission of documents.
- 3) Proper identification.
- 4) Illiteracy.
- 5) Guarantors.
- 6) Proper security. Object of the loan is the security.

Question No. 12: Wanted to know about the difficulties in recovery.

- 1) Borrowers deliberately avoid the bank officials on the day of recovery.
- 2) The security (milch animals) are not found at the designated place. They are usually sold without bank permission but loans are not repaid.
- 3) The biggest hurdle is the Loan waiver scheme.
- 4) Recovery is not linked to marketing. Loan for milch animals be recovered through dairy society or sugarcane loan through sugar factory.
- 5) Political interference only at the loan sanction stage. There is not only no help for recovery but pressure is exerted to stop recovery.
- 6) Absence of independent recovery set up.
- 7) Banks do not have powers to confiscate property for loan recovery as is the case of LDBs. And this extreme step is also impracticable.

8) Government officials do not extend assistance in recovery efforts.

Question No. 13 : Asked if the officers personally surveyed the villages before finalizing credit plan for the first year of the SAA (1989-90).

No bank took actual survey for the credit plan of 1989-90. Secondary information was taken as the base.

Question No. 14 : Out of nine in response the three Branch Managers replied that they undertook actual survey but six replied in the negative.

Question No. 15 : About the factors on which success of the SAA depended, three connected factors, viz. State government, banks and borrower were mentioned. The Branch Managers expressed that Government should take speedy measures about providing infrastructure such as electricity, roads, water supply. Banks should lend for production purposes only and exercise close supervision over end-use. The borrowers should try to raise their income with the help of loans.

Question No. 16 : Many factors were mentioned as hindrance in the success of the SAA.

- 1) Lack of cooperation from the villagers. The SAA has made banks responsible to the people. But the people do not care for the banks.
- 2) The SAA emphasizes achievement of the targets as in IRDP to the neglect of the quality of the loans.

- 3) Inadequate staff.
- 4) Banks are not provided with a list of families below poverty line.
- 5) Lack of means of transport makes frequent visits to village difficult.
- 6) Loan waiver scheme.
- 7) Grampanchayats have no responsibility of propagating the loan schemes.
- 8) Private sector banks were not consulted while distributing villages.
- 9) Government agencies participate in the SAA only upto loan sanction stage. They are not interested in future stages viz. supervision and recovery.

Question No.17: How many meetings were held in their area of operation during 1989-90?

Some meetings were held	4
No meeting was held	4
No reply	1
SBI held 4 meetings.	
Bank of Maharashtra Branch Bhor	20 meetings
Bank of Baroda Branch Bholawade	3 meetings
Bank of Maharashtra Branch Nasarapur	6 meetings

Question No. 18 : Suggestions from Branch Managers for effective implementation of the SAA.

- a) Transport facilities (vehicle) to the banks.
- b) The list of families below poverty line to be given to the banks.
- c) The Village Panchayats should inform villagers about the various loan schemes and inform banks in writing about need, ability and willingness of the borrowers.
- d) Grampanchayat's participation in the supervision over the loan use.
- e) No political pressures and interference in sanctioning and recovery of loans.
- f) Cooperation and participation of Government agencies in recovery.
- g) Powers given to LDBs for loan recovery to be given to banks as well.
- h) Bank officials in the rural branches should have rural roots and background.
- i) Ban on bank recruitment should be lifted.
- j) Separate staff for sanction, supervision and recovery of rural loans.
- k) One Agriculture Officer for each branch should be provided or Branch Manager should be Agriculture graduate.
- l) Legal obligation on Sarpanch, Police Patil and Gramsevak in sanction, supervision and recovery of loans.

m) Unnecessary and duplicate paper work in banks to be removed.

Question No. 19 : The criteria about number of bank staff. According to the Branch Managers in view of peculiar physical and psychological conditions obtaining in villages, the voucher criterion of the national level or productivity test will be inappropriate for rural branches.

Communication with rural people is very time-consuming and due weightage must be given to it while deciding on the staffing pattern of rural branches.

CHAPTER IX

CONCLUSIONS AND SUGGESTIONS

The subject of the present study 'Formulation of SAA for Rural Credit : A Case Study of Bhor Block' raises the following two problems:

- 1) Are infrastructural facilities available in the Bhor taluka for formulation of the SAA?
- 2) How far are the commercial banks equipped to handle this task?

The following are the conclusions on the basis of the study made in the Chapters II to VIII.

I) Infrastructure Facilities

It is observed that the commercial banks in Bhor taluka could achieve only 78 per cent of the target fixed for them in 1989-90. The achievement for priority credit and Agriculture credit were 68 per cent and 45.74 per cent respectively. Similarly banks brought down their share of agriculture advances in the credit plan for 1990-91 from 32.82 per cent to 20.47 per cent while the share of advances to village and small scale industries was raised from 28.87 per cent in 1989-90 to 58.25 per cent in 1990-91. This shift can be explained by reference to availability of infrastructure in Bhor taluka.

Bhor taluka is a hilly area with a small percentage

of land under irrigation. Also due to insufficiency of essentials for banking services, the credit targets of the SAA could not be fulfilled. The infrastructural facilities were studied from two angles: those concerned with demand for credit and those influencing supply of credit. From the study and observation the following conclusions are drawn:

(A) Infrastructure Related to the Demand for Credit

i) It is noticed that the hilly villages are either not connected by roads or they are in too bad condition or they can be used only for eight months a year. Due to these transport difficulties, banks find it difficult to have effective credit operations.

ii) Due to lack of irrigation facilities, the demand for agricultural loans is less.

iii) If the transport, irrigation and electricity facilities are extended to the hilly regions, the credit demand may increase.

iv) Only 43 per cent of the population is literate. Due to mass illiteracy, absence of banking habit, inability to understand the loan facilities of the banks and lack of entrepreneurial ability to improve agriculture by taking loans there is less demand for credit.

The primary responsibility of removing the above deficiencies rests with the State Government. If the State Government pays sufficient attention to these aspects then the objectives of the SAA can be achieved.

The other type of infrastructure is related to banking. After studying the working of the commercial banks in Bhor taluka, and interviewing their branch managers, the following facts come to light.

(B) Infrastructure Necessary for Banks

i) The bank expansion in Bhor taluka has more or less kept pace with the national expansion. The population per bank was 11,642 and average number of villages per bank was 18.5. However, the commercial banks are concentrated mainly in Bhor town and on State Highway. The Bhutonde valley is still unbanked. This area has 30 villages. Similarly Hirdoshi valley also remains unbanked. Two branches are very necessary for this area, one at Jogawadi and the other at Apti.

ii) Inadequacy of Staff : According to the Branch Managers, in March 1990, all the banks needed additional 15 employees. Due to inadequate staff, the holding of village meetings, surveying of the villages and credit planning are done in the branch offices without visiting the villages. The paper work lacks basis of reality.

iii) Need for Change in the Composition of the Staff: Prior to SAA, banks had no need to visit and work in definite areas. But with the SAA it is expected of the bank staff to work both inside the branch office as well as their specified area of operation, especially supervision of loans and use,

timely recovery and deposit mobilization. However, the banks in Bhor taluka rarely undertake these activities outside the office. This is due to the conventional attitude of the bank staff to sit in office and serve the customers there. It is thus necessary to appoint Field Officers in each branch. Due to the expansion of branches, with the conventional attitude, the centres of credit will go nearer to the people but there will not be close supervision.

iv) Absence of Conveyance : No branch in Bhor taluka has a vehicle at its disposal. The staff has thus to depend on S.T. services. This visit to a village means visiting the village at the convenience of the staff but definitely returning home by 5 p.m. Naturally they rarely meet the villagers who are available only from about 8 a.m. to 10 a.m. and from 7 p.m. to 9 p.m. in the evening. For want of special Field Officer and vehicles, the work of contacting villagers remains on paper only. Every branch should thus have at least a motor cycle.

v) The bank staff rarely mix with the local people. No officer of commercial banks in Bhor taluka was connected with the social service association. Only 8 of the 33 clerks were members of social service organization. This aloofness from rural society shows absence of the will to serve the rural people.

vi) Employees' Place of Residence: It is obligatory on the part of the employees, and at least of the Branch

Managers, to stay at the place of their posting. But this study reveals an altogether different picture. Of the 19 officers, 10 come from Pune and of the 33 clerks, as many as 18 stay at places other than that of their posting. This is bound to adversely affect the attitude and efficiency of the bank employees. It is necessary for the bank staff to stay at the place of their posting.

vii) Employees' Choice About Their Posting: From the response to the questionnaire, it is clear that 9 out of the 19 officers preferred some city as posting; one wanted semi-urban posting while the remaining officers were not particular about urban or rural posting. Only 3 out of the 19 officers were born in rural areas while 16 were born and brought up in urban areas. From the clerical staff, 19 were born in urban areas and 14 in rural areas. On the whole, majority of the staff, though working in rural area, have preference to, and attraction for, city life. They have little knowledge of village problems and have no inclination to understand them, though they are efficient in office work. It is absolutely necessary that only those who have acquaintance with and interest in rural life should be appointed in rural branches. Unless the attitude of the staff changes and they identify themselves with the rural people, the implementation of any scheme of rural upliftment will be superficial, mechanical and sans the genuine urge to help development.

viii) Though preparation for SAA started from 1988 and

the scheme implemented from April 1989, till June 1990 very few of the employees had any knowledge about the SAA. Four of the 19 officers and 20 of the 33 clerks had no knowledge of the scheme nor were any of them trained for the scheme. Apathy for the rural people is the main cause for this indifference.

ix) Excepting the SBI Branch at Bhor in no branch there is any separate staff to look after the loan transactions. The result is that identification of borrowers and sanction of loan are done in the Branch Office while the work of supervision over end-use of the loan is ignored. It is, therefore, unlikely that objective of the SAA of raising the income level of the borrowers will be achieved.

x) The proportion of recovery has actually declined after introduction of the SAA.

xi) In 1989-90 banks could achieve only 45.74 per cent of the target of the Agriculture credit distribution and in 1990-91 banks noted their share in agriculture credit and increased credit to village artisans and the S.S.I. This is not in keeping with the principle underlying the SAA.

The responsibility of creating the above infrastructure primarily rests with the management of the banks and it should take early steps in this sphere.

II) How Far Are Commercial Banks Equipped to Shoulder the Task of the SAA?

1) It is noticed that the banks have not made any

sincere efforts in the implementation of the SAA. The village meetings are few and far between; they are exceptions rather than the rule. No deliberate efforts have been made to attract the additional savings. Bank staff has not been increased. It appears that the bank staff are doing the work of granting of IRDP loans on the large scale. Thus in practice the SAA means only granting of loans to the people below the poverty line in certain villages.

ii) It is not that the responsibility of the SAA rests on banks alone. According to the branch officers the Government agencies force the grant of IRDP loans but do not, in any way, help in the supervision and recovery of the loans. It is necessary that right from the B.D.O., Tahsildar to Sarpanch, Gram Sevak, Talathi, Police Patil to social workers in villages, all should take part in all the stages of the SAA. But this was not found in Bhor taluka.

III) Suggestions

- a) While the bank officials should make sincere efforts in winning the confidence of the villagers by establishing personal rapport, they need assistance and guidance from the local dignitaries and representatives in identification of borrowers, supervision of and recovery of loans. This should be made a part and parcel of their official obligations.

- b) The Branch Managers should meet the villagers at their convenient time to assess their requirements, to explain the schemes of banks and to seek their cooperation in recovery of loans.
- c) The bank staff should be made to stay at the places of their postings. This is the only way by which they can understand the rural life and try their best to improve it.
- d) Each branch should have a separate SAA supervisor who will be responsible for the field work.
- e) Each bank should be provided with an updated list of families below the poverty line. The banks can then concentrate on improving their lot. Reduction in this number will be one of the tests of the performance of a branch.
- f) Bankers should prepare village credit plans after actual visits, surveys and discussions with villagers.
- g) During the SAA period, the proportion of savings deposits and saving accounts have actually declined. All-out efforts should be made to reverse this trend.
- h) Banks should be given powers about recovery of loans as per the cooperative banks. This is a great handicap in recovery of loans.

- i) The Government agencies should actively assist in recovery of loans.
- j) Political pressure for grant of loans should be stopped.
- k) Rural background of the candidates should be given due weightage while selecting them for bank services.
- l) Two new branches, viz. one at Jogawadi and the other at Aпти, are necessary.

The general conclusion has been that the infrastructural facilities are lacking in Bhor taluka for implementation of the SAA. Banks have to adopt new attitude and outlook and give up the conventional method if the SAA is to succeed.

ANNEXURE I

QUESTIONNAIRE FOR BANK EMPLOYEES

1) (a) Name of the Bank/Branch:

(b) Name of the Employee: Male/Female Age:

(c) Place of Birth: City/Village Social Classification:
S.C./S.T./O.B.C./
N.T./D.N.T./Open

(d) The present place of residence:

2) Educational Qualification:

The details of the place where
you have been educated.

Place Village/City

Upto S.S.C.

Upto Graduation

Post-Graduation

3) The year of 1st appointment in the bank: The present
Designation:

4) Total Experience (Years):

Name of the post: Year Place of service

1. Branch Manager:

2. Accountant:

3. Cashier:

4. Supervisor:

5. Clerk/Typist:

6. Clerk/Cashier:

- 5) Whether you have been given the training of bank service:
- | Subject | Place | Period |
|---------|-------|--------|
| 1. | | |
| 2. | | |
| 3. | | |
- 6) What is the area of your specialization?
- 7) In which place would you like to serve? City/Village
- 8) What difficulties do you face in the area of Bhor Block?
- | (a) | (b) | (c) | (d) |
|-----|-----|-----|-----|
| | | | |
- 9) Who is benefited more by bank services? Rich/Poor
- 10) (a) Do you know the service area approach?
- (b) On which ground the present approach of the Bank is superior to the past approach?
- (c) Whether your bank has held the meetings in its service area?
- (d) Whether you attended the meetings? Yes/No
- If attended, give the names of villages:
- (e) Whether service area approach will be beneficial for the rural development
- (f) Whether the S.A.A. has improved the social contact of the employee
- (g) Whether the percentage of overdues lessen due to S.A.A.
- 11) (1) Do you feel that the close social contact of the bank employees would be profitable to the poor people?
- (2) Do you feel that the Bank employee should live in the village where the branch of his bank is situated?
- 12) (1) Are you a member of any social institution/organization?
- (2) What constructive work is done by the institutions?
- (3) Whether you do any social work after your office hours?
- If yes, what kind of work is done by you?

13) Who is responsible for the overdues of the Bank?

Government, Employees, Borrower, Natural calamity.

14) What suggestions would you like to make to increase recovery of loan?

(1) (2) (3) (4)

15) What suggestions would you make in increasing the banking habits of the villagers?

16) What attempts are made by your bank in increasing the deposits from the rural area (in 1989-90)?

(1) Meetings were held in rural area.

(2) The persons who have saved the maximum amount were honoured.

(3) Savings week was celebrated.

(4) Propaganda was done in Mahila Mandal.

(5) Others.

17) Whether is it possible for banks to supervise the use of the loans?

If not, what are the reasons?

Suggest solution, if any.

18) Do you feel that politicians interfere with the Banks' business?

If yes, in which context?

19) Do you feel that extension work of bank in Rural area is affected by the presence of female employees?

ANNEXURE II

QUESTIONNAIRE DISCUSSED WITH THE BRANCH MANAGERS OF COMMERCIAL BANKS IN BHOR TALUKA

- Q. 1: What are the likely advantages of the SAA to the banks?
- Q. 2: What are the probable disadvantages or problems arising due to the SAA?
- Q. 3: What, in your view, will be the benefits of the SAA to the villagers?
- Q. 4: Do you have separate arrangements to look after the loan operations?
- Q. 5: What method do you follow to acquaint the villagers with your loan schemes?
- Q. 6: Have you tried any new scheme for raising loan operation, productivity and loan recovery?
- Q. 7: What efforts have you made to increase your deposits after the SAA?
- Q. 8: Has there been any improvement in sanctioning of loans due to the SAA?
- Q. 9: Will you be able to observe closer supervision over the loan-use due to the SAA?
- Q.10: Has the loan recovery improved due to the SAA?
- Q.11: What problems have you to face in the disbursal of rural loans?
- Q.12: What are the problems in recovery of loans?
- Q.13: Did you personally survey the villages for preparing the first credit plan of the SAA (1989-90)?
- Q.14: Did you personally visit the villages for preparing the second credit plan for the year 1990-91?
- Q.15: What are the difficulties according to you, in implementation of the SAA?

- Q.16: On what factors would the success of the SAA depend?
- Q.17: How many village meetings were held by you in your area in the year 1989-90?
- Q.18: What suggestions would you make for effective implementation of the SAA?
- Q.19: What should be the criteria of staffing pattern for the rural branches?

ANNEXURE III

NAME LIST OF BRANCH MANAGERS

Name of the Branch Officer	Bank - Branch
1) Wadekar, Ashok Gajanan	Bank of Maharashtra, Bhor
2) Ajawani, Ashok Gurudal	State Bank of India, Bhor
3) Dandekar, S.M.	Bank of Maharashtra, Nasarapur
4) Sawant, A.R.	Bank of Maharashtra, Nere
5) Jadhav, G.S.	Central Bank of India, Velu
6) Pandhare, R.S.	Central Bank of India, Sarole
7) Ambekar, S.M.	Bank of Baroda, Bholawade
8) Wachasundar, J.A.	The Bank of Karad Ltd., Bhor
9) Gupte, R.A.	The United Western Bank Ltd., Kikvi

ANNEXURE IV

VILLAGE ALLOCATION UNDER SERVICE AREA APPROACH

Total No. of Villages : 185
 Total No. of Branches : 10
 Out of Block Branches : 1
 Total Population of the Block: 1,16,424

Bankwise Branches :

1) Bank of Maharashtra	4
2) State Bank of India	1+1 (Out of Block area)
3) Central Bank of India	2
4) Bank of Baroda	1
5) The Bank of Karad Limited	1
6) The United Western Bank Ltd.	1
	10+1

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
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Bank of Maharashtra, Bhor (Total No. of villages: 26)

1) Abhepuri	159	96	34
2) Ashimpi	134	136	30
3) Dhanivali	165	177	30
4) Dhamunshi	137	382	30
5) Durgadi	160	238	33
6) Gudhe	163	191	24
7) Hirdoshi	139	429	32
8) Karungan	132	78	40

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
9)	Kondhari	131	269	30
10)	Kudhali Bk.	161	140	28
11)	Kudhali Kh.	162	121	29
12)	Kund	110	109	30
13)	Mazeri	157	254	49
14)	Mhasar Kh.	113	324	23
15)	Nivangan	164	188	20
16)	Parhar Bk.	156	356	23
17)	Parhar Kh.	155	236	23
18)	Rajivadi	111	74	35
19)	Shirvali	158	313	34
20)	Shilimb	133	194	38
21)	Shirgaon	136	269	32
22)	Utroli	123	2,226	3
23)	Umbarde	135	91	35
24)	Vadgaon	124	1,148	4
25)	Varvand	138	218	35
26)	Venupuri	140	191	23
			8,448	

Bank of Maharashtra, Nere (Total No. of villages: 12)

1)	Ambade	184	1,352	4
2)	Bajarwadi	146	1,016	4
3)	Balvadi	173	664	2
4)	Dhavadi	171	528	3
5)	Gokawadi	145	443	4
6)	Nilkanth	147	281	4
7)	Nere	172	1,179	-
8)	Palasoshi	170	573	2
9)	Pale	174	587	2
10)	Varodi Bk.	183	423	3
11)	Varodi Kh.	182	484	2
12)	Varodi Deymukh	185	332	2
			7,862	

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
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Bank of Maharashtra, Nasarapur (Total No. of Villages: 24)

1)	Degaon	23	748	7
2)	Didghar	29	156	5
3)	Hatve Bk.	37	1,243	6
4)	Hatve Kh.	39	499	6
5)	Jambhali	20	855	6
6)	Karandi (Khed-Bare)	25	335	3
7)	Kamthadi	32	1,731	2
8)	Kambre	26	1,081	3
9)	Kelawade	13	1,728	3
10)	Ketkavane (Nimmæ)	17	90	5
11)	Khadki	35	303	3
12)	Kolavadi	18	302	24
13)	Kurangawadi	14	1,292	13
14)	Malegaon	28	388	7
15)	Mohari Bk.	56	998	8
16)	Mohari Kh.	57	498	6
17)	Naygaon	24	363	6
18)	Nasarapur	22	2,113	-
19)	Nidhan	31	198	3
20)	Salwade	16	450	2
21)	Sangvi Kh.	38	282	6
22)	Tambhad	30	1,539	12
23)	Umbare	36	833	5
24)	Virawadi	21	258	5

18,283

Bank of Maharashtra, Ambavade (Total No. of Villages : 17)

1)	Ambavade	168	1,459	-
2)	Angsule	149	585	1

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
3)	Bhavekhal	151	392	1
4)	Bhambatmal	152	67	6
5)	Chikhalawade	127	837	6
6)	Chikhalgaon	180	1,741	4
7)	Kari	167	1,458	2
8)	Karanje	142	523	3
9)	Karnawad	175	1,458	2
10)	Korle	179	667	7
11)	Mhakoshi	176	285	3
12)	Natanbi	128	577	4
13)	Nazare	169	1,489	2
14)	Panvahal	148	407	3
15)	Rawadi	181	490	6
16)	Titeghar	178	914	6
17)	Vadtumbi	177	1,170	6

			14,519	

State Bank of India, Bhor (Total No. of Villages: 42)

1)	Ambeghar	126	521	6
2)	Apti	129	995	14
3)	Bhabavadi	125	350	3
4)	Bope	71	89	50
5)	Bramhanghar	86	435	13
6)	Bhutonde	49	190	58
7)	Bhandravali	51	24	60
8)	Chandavane	48	166	54
9)	Dere	50	172	48
10)	Dehen	74	178	26
11)	Gorad Mhashvali	55	448	21
12)	Guhini	47	261	72
13)	Hatnoshi	143	567	7

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
14)	Harnas	63	635	14
15)	Jayatpad	76	331	34
16)	Kambare Bk.	42	189	33
17)	Jogavadi	66	488	19
18)	Kambre Kh.	43	210	32
19)	Karandi Bk.	41	566	30
20)	Karandi Kh.	53	846	31
21)	Khanapur	144	1,494	6
22)	Kondgaon	73	225	31
23)	Khulashi	46	214	59
24)	Kurunji	44	336	35
25)	Kumble	70	159	65
26)	Laveri	64	257	15
27)	Male	45	593	48
28)	Majgaon	65	397	17
29)	Narhe	84	969	11
30)	Nandgaon	141	729	8
31)	Nandghur	77	205	25
32)	Nanvale	69	91	20
33)	Pasure	78	1,301	11
34)	Pangari	75	281	26
35)	Rajaghar	68	250	17
36)	Salungan	109	155	50
37)	Sangamner	85	1,697	8
38)	Sangavi	72	204	21
39)	Tale Mhashivali	40	269	23
40)	Vakambe	67	164	28
41)	Vadhane	54	306	26
42)	Velvand	52	400	19
			18,357	

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
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Central Bank of India, Velu (Total No. of Villages: 11)

1)	Kanjale	10	799	9
2)	Kasurdi Kh.	4	608	3
3)	Khopi	7	910	5
4)	Kusgaon	6	1,175	6
5)	Ranje	5	827	6
6)	Sasewadi	2	615	4
7)	Shivare	9	1,491	8
8)	Shindewadi	1	938	3
9)	Varve Bk.	12	488	11
10)	Varve Kh.	11	1,003	10
11)	Velu	3	1,983	-
			10,837	

Central Bank of India, Sarole (Total No. of Villages: 9)

1)	Bhambawade	94	650	5
2)	Bhongawali	90	2,150	8
3)	Gunand	91	421	10
4)	Nhavi	93	2,679	9
5)	Pande	96	456	4
6)	Rajapur	95	490	4
7)	Savardare	89	536	1
8)	Sarole	97	818	-
9)	Vathar	92	496	10
			8,696	

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
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Bank of Baroda, Bholavade (Total No. of Villages: 16)

1)	Bare Bk.	81	649	5
2)	Bare Kh.	82	481	4
3)	Basarapur	83	351	3
4)	Bhanusdara	108	192	12
5)	Bholavade	101	1,765	-
6)	Bramhanghar	106	205	12
7)	Gavadi	103	530	6
8)	Karnawadi	79	261	9
9)	Kiwat	102	587	4
10)	Mahude Bk.	107	1,065	11
11)	Mahude Kh.	119	750	12
13)	Mhalavadi	80	566	7
14)	Nand	105	482	7
14)	Sangavi	99	550	5
15)	Sind	104	1,394	6
16)	Yeoli	100	572	6
			----- 10,400 -----	

The Bank of Karad Ltd., Bhor (Total No. of Villages: 14)

1)	Deoghar	144	225	20
2)	Dapakeghar	154	473	22
3)	Karanjgaon	115	327	21
4)	Mhasar Bk.	112	494	19
5)	Nigudghar	130	400	18
6)	Pisavare	118	999	9
7)	Pombardi	121	483	5
8)	Rayari	166	1,023	23
9)	Salav	153	536	16
10)	Sangavi Tarf-Bhor	150	269	17

(continued)

Sr. No.	Name of Village	Code No.	Population (1981)	Distance from Branch (kms)
11)	Shirwali Tarf-Bhor	120	330	6
12)	Waveghar	116	34	21
13)	Venawadi	122	1,017	4
14)	Wathar (Hirdas Maval)	117	540	10

			7,150	

The United Western Bank Ltd., Kikvi (Total No. of Villages: 11)

1)	Alande	87	1,172	8
2)	Dhangawadi	59	1,092	16
3)	Divale	27	824	7
4)	Harishchandri	34	499	5
5)	Ingavali	98	575	10
6)	Kasurdi G.M.	62	542	7
7)	Kapurhol	33	784	5
8)	Kikvi	60	2,651	-
9)	Kenjal	88	1,209	2
10)	Nigade	58	739	2
11)	Telavadi	61	226	6

			10,313	

Out of Block Branch

State Bank of India, Ambavane (Velhe) (Total No. of Villages: 3)

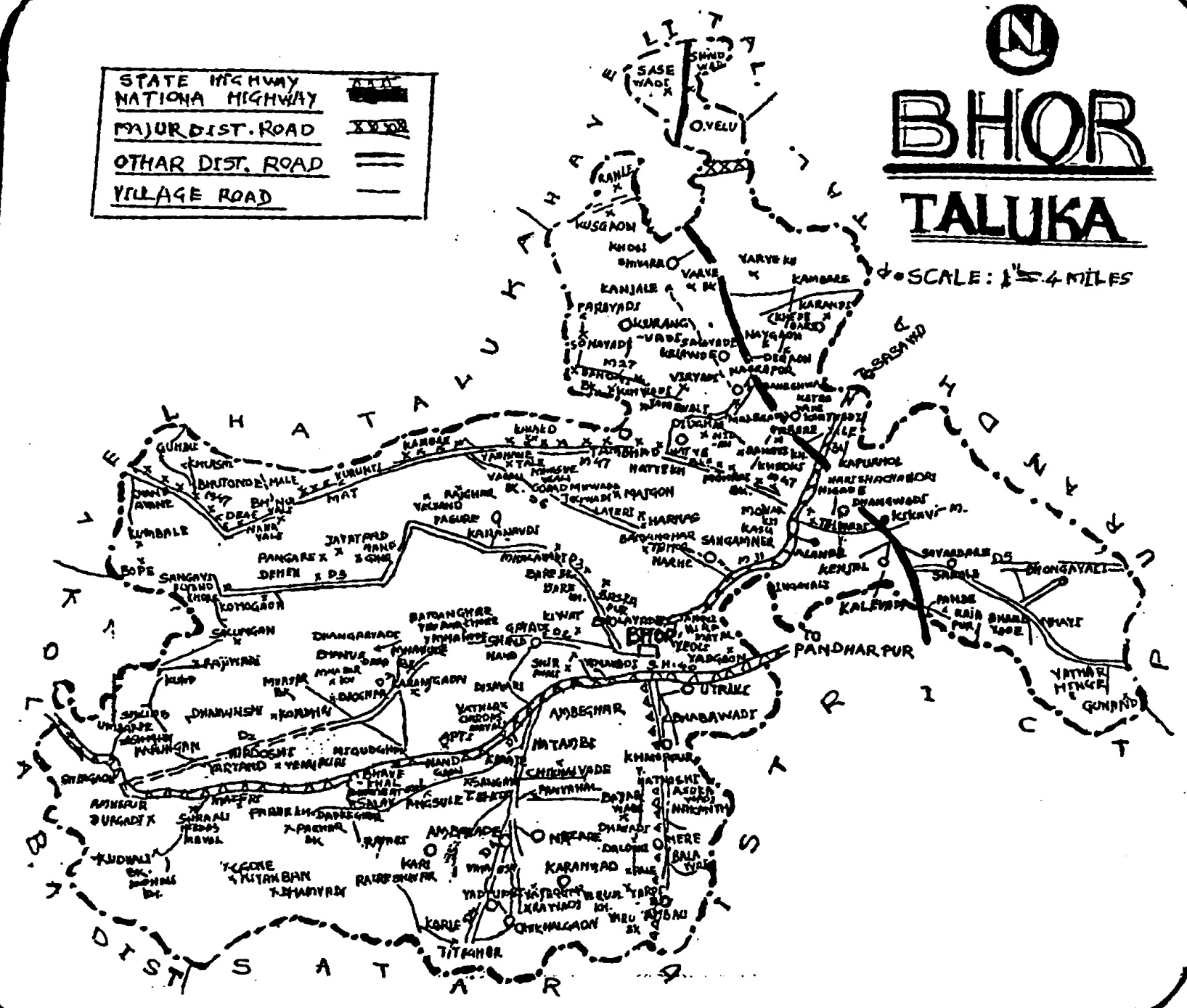
1)	Parvadi	8	912	4
2)	Sangavi	19	332	2
3)	Sonvadi	15	315	3

			1,559	

STATE HIGHWAY	—+—+—+—
NATIONAL HIGHWAY	—+—+—+—+—+—+—
MAJOR DIST. ROAD	—+—+—
OTHER DIST. ROAD	—+—+—+—
VILLAGE ROAD	—


BHOR
TALUKA

SCALE: 1" = 4 MILES



Bank of Maharashtra



4

State Bank of India



1

Central Bank of India



2

Bank of Baroda



1

The United Western Bank Ltd



1

The Bank of Karad Ltd

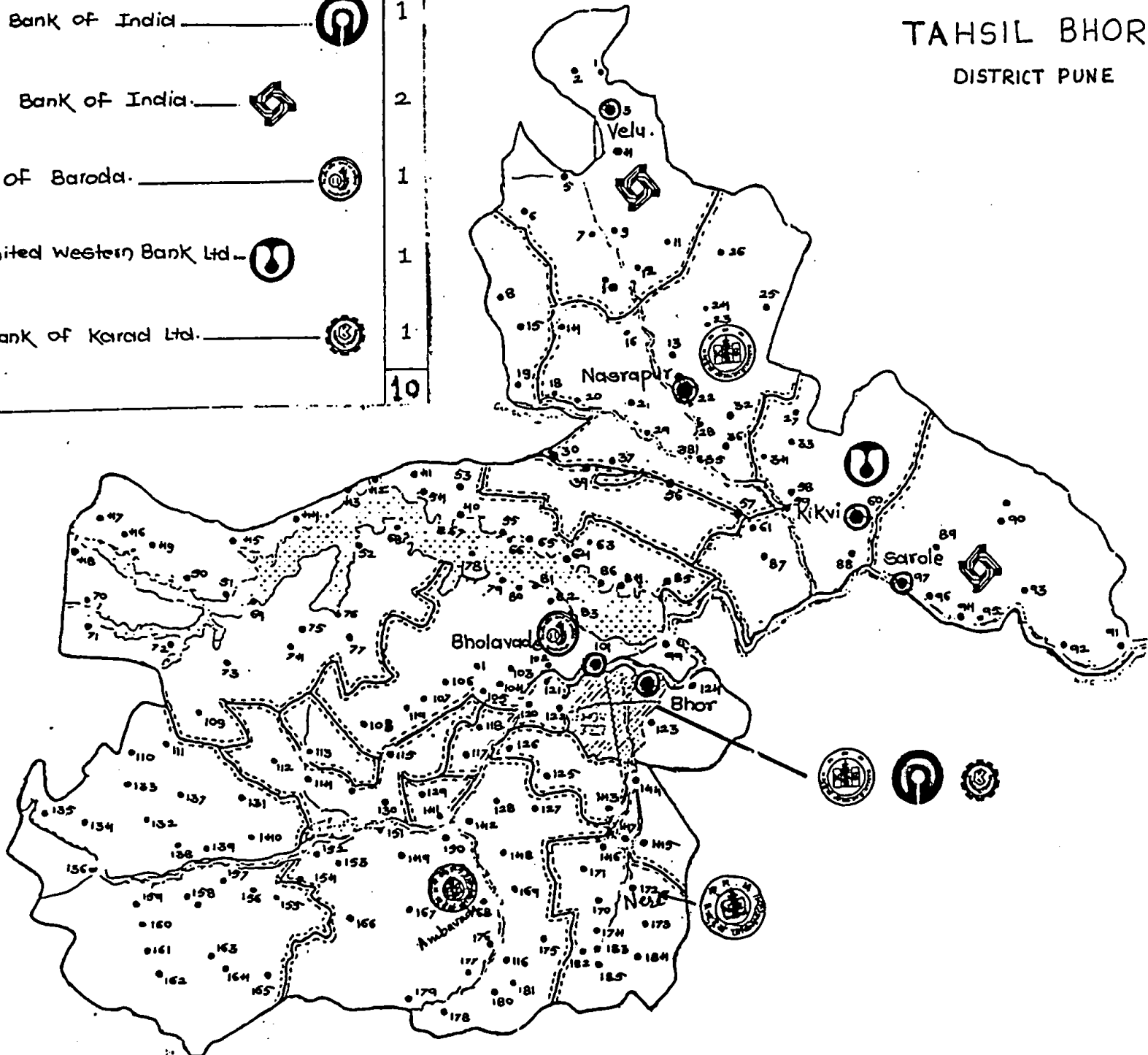


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TAHSIL BHOR

DISTRICT PUNE



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