

CHAPTER - VDELEGATION OF LENDING POWERS IN 'S BANK'

The extent and magnitude of the delegation of authority relating to the sanction of various types of advances by the functionaries operating at different decision centres in the bank have been discussed here. In order to facilitate as better appreciation of the status of delegation of authority in the bank, its present structural-functional profile has been very briefly discussed in Section I. The Equity base, reserves, and assets which essentially remain the structural parameters and the spread and Net Profit which are operational efficiency indicators, have been included in the table alongwith the function specific parameters, such as advances and total working funds.

The changes in the profile parameters have been worked out in terms of 'absolute amount' as well as 'percentage change'. For the purpose of analysis, data for the year 1982 provides the base and the year 1987 has been taken as 'current year'. The justification for taking 1987 as the current year is that it was during this year after 1981, that the bank introduced substantial changes in the size of its delegated lending powers and also introduced many sub-classifications, under each head of credit facility. Since, the power introduced in 1981 were made effective for use by 1982, the year 1982 has been taken as the base year.

The analysis of delegated lending powers has been attempted in Section II of this chapter. While in 'Q' and 'R' Banks, the

analysis was carried out for each decision centre on the basis of security based categorisation of advances, in this bank the all the advances have been grouped into three categories, viz., Industrial advances, Agricultural advances and Priority sector advances excluding agriculture and small industry which have been covered in the other two categories. A consolidated picture of the change in the delegation of powers, has been presented at the end of this section along with the concentration of powers or otherwise at the different levels of management. Further, in order to evaluate the extent and magnitude of the existing lending powers amongst the different decision centres, an inter decision centre fractional analysis has been done in Section III. With this proposed structure of the presentation, we now turn to section I for the profile of the Bank.

This is one of the Bombay based banks with 1950 offices in the country and 26 offices abroad, at the end of the current year. Out of these offices 266 were located in Metropolitan areas, 324 in urban areas, 327 in Semi-urban areas and 1033 in the rural areas, respectively. During the same year, the total staff strength of the Bank was 49,881 comprising 10852 officers, 28179 clerks and 10850 subordinates. During the period, between the base year and the current year, there has been a reasonably good growth in its deposits, working funds, total assets, total income equity base and other operational variables. The table, numbered 4:1 presents the position of the bank at the base as well as current years. It also contains the changes in the operating variables during the period, both in absolute & percentage terms.

Table : 4.1

PROFILE OF THE 'S BANK'

| Profile Variables/ Parameters | Base Year (Rs.in Lakh) | Current Year (Rs.in Lakh) | Change in current year over base year | |
|-------------------------------------|---------------------------|---------------------------------|--|--------|
| | | | Absolute (Rs.in Lakh) | % |
| 1 Equity | 1,400 | 8,400 | 7,000 | 500.00 |
| 2 Reserves | 2,763 | 8,082 | 5,319 | 192.51 |
| 3 Deposits | 4,93,478 | 10,53,212 | 5,59,734 | 113.43 |
| 4 Working Funds | 5,22,587 | 11,43,068 | 6,20,481 | 118.73 |
| 5 Total Assets | 6,08,111 | 13,26,365 | 7,18,254 | 118.11 |
| 6 Total Advances | 3,22,729 | 6,36,157 | 3,13,428 | 97.11 |
| 7 Total Income | 44,827 | 94,345 | 49,518 | 110.47 |
| 8 Spread | 9,148 | 16,752 | 7,604 | 83.12 |
| 9 Total Expenditure | 44,316 | 92,730 | 48,414 | 109.75 |
| 10 Net Profit | 511 | 1,615 | 1,104 | 216.05 |

Source : Financial statements of 'S Bank' for the base and the current years and Financial Analysis of Banks (IBA) for the same years.

The table is self explanatory and clearly reveals that the bank strengthened its equity base very well and has also improved the reserve base. The deposits, working funds and total assets have improved in the range of 113 percent to 119 per cent. However, the change in advances is not impressive being 97 per cent increase in the current year, over the base year. As this study is essentially concerned with the credit function of the bank and the delegation of powers from the top to the lowest tier of the grass root level decision centre for the purpose, it is desirable to understand the present organisation of the bank and identify the decision centres, for the purpose of analysing the extent and magnitude of delegation in this bank.

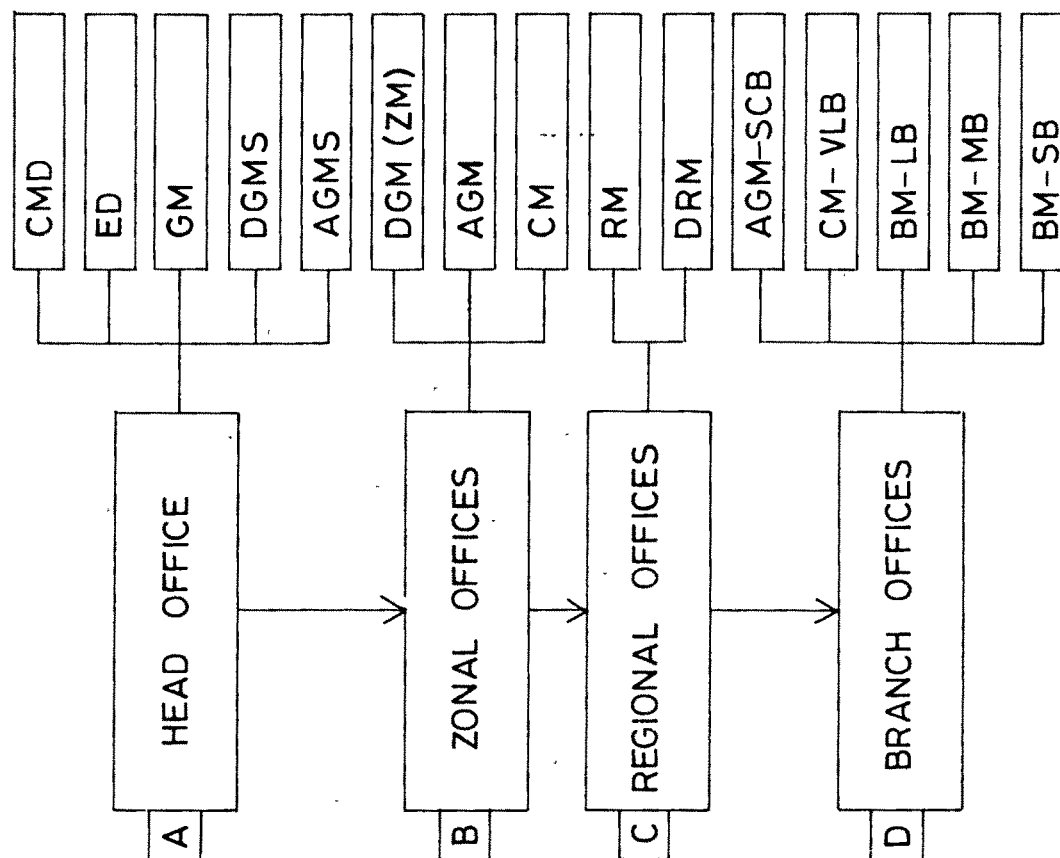
ORGANISATION AND DECISION CENTRES

Taking the existing organisation of the bank and its hierarchy levels into consideration, an effort has been made to present the organisational set up of the Bank in Fig. 5.1. In this bank, the internal organisational structure is a three tier one with Head office at the Apex, Zonal and Regional offices at the central level and Branches at the grass root level or bottom level.

It is very clear from figure 5.1, that there are three Decision Centres at the top management level; all of them located at the Head office of the Bank. At the middle level, the Zonal offices and Regional offices have been considered two separate Decision Centres. The Zonal office is at a higher level in the hierarchy at the middle level and is responsible to monitor the Regional and equivalent offices. We have placed all types of branches at the

FIGURE 5:1

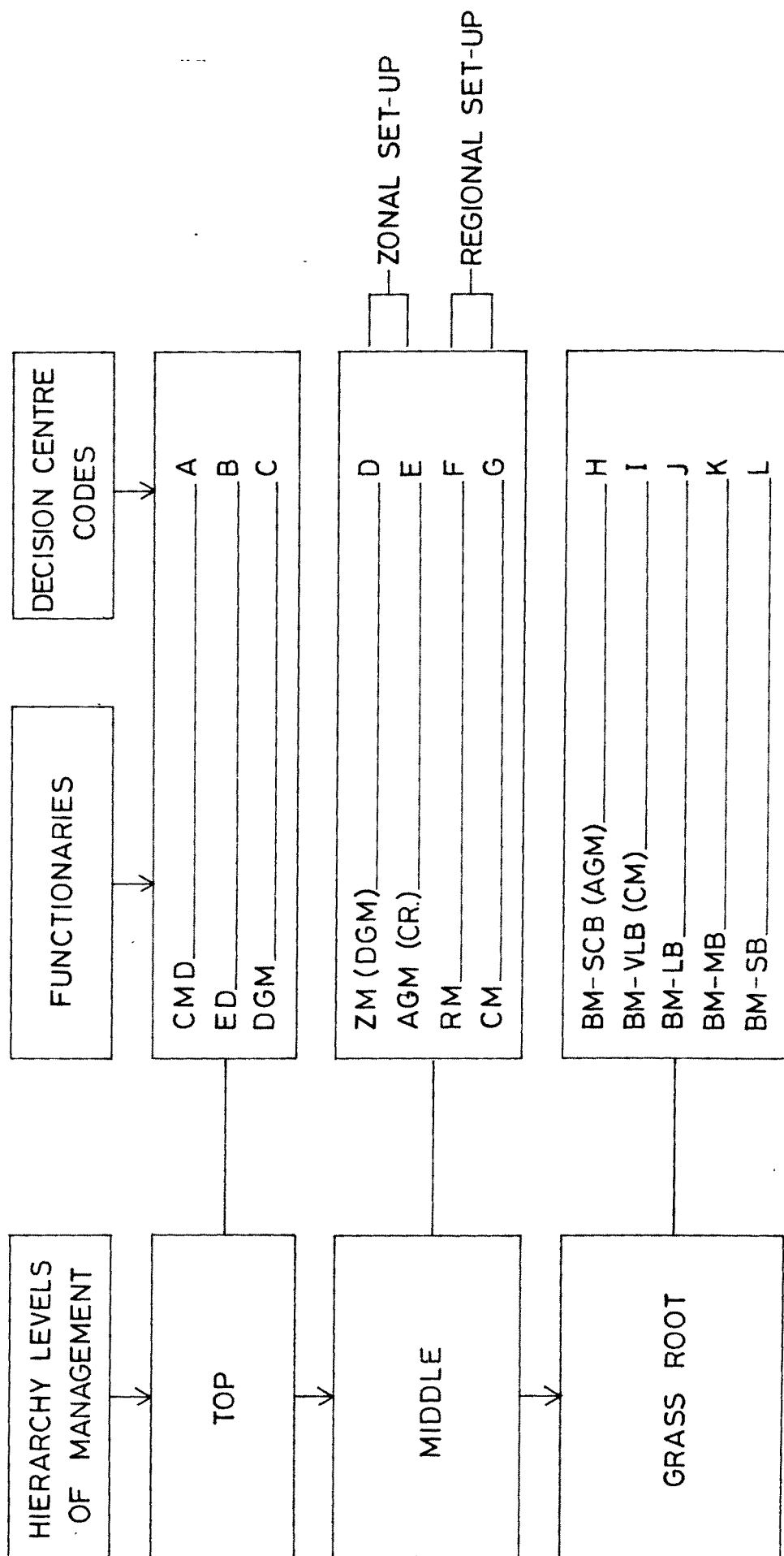
INTERNAL ORGANISATION OF 'S BANK' DEPICTING FUNCTIONARY LOCATION AND HIERARCHY IN LENDING POWERS.



- | | |
|-----|-----------------------------------|
| CMD | - Chairman and Managing Director. |
| ED | - Executive Director. |
| GM | - General Manager. |
| DGM | - Deputy General Manager. |
| AGM | - Assistant General Manager. |
| ZM | - Zonal Manager. |
| CM | - Chief Manager |
| RM | - Regional Manager. |
| DRM | - Deputy Regional Manager. |
| BM | - Branch Manager. |
| SCB | - Specified Category Branch. |
| VLB | - Very Large Branch. |
| LB | - Large Branch. |
| MB | - Medium Branch. |
| SB | - Small Branch. |

FIGURE 5:2

DECISION CENTRES IN 'S BANK' FOR EXERCISING MDLP -CLASSIFIED INTO HIERARCHY LEVELS IN DESCENDING ORDER.



MDLP-Maximum Delegated Lending Power.
CR. -Credit.

bottom tier of at the grass root level, for the reason that these offices directly deal with the public for all the banking functions and all the papers, even those emanating from the top level management. At the grass root level, three categories of branches have been considered viz. Large Branches (LBs) Medium Branches (MBs) and Small Branches (SBs). In order to analyse in detail the lending powers in this bank, all the functionaries in the hierarchy levels have identified with nine Decision centres at given in Figure 5.2.

This figure clearly identifies Decision Centres A to C with the HO and at the top management level; Decision Centres D to F at the Middle level of management and Decision Centres G to I at the grass root level of management.

Like all other financial institutions and banks, in this bank also, the delegation of lending powers is from top to the bottom. The CMD of the bank has been taken as the top most Decision Centre enjoying the largest powers delegated by the Board of Directors, which of course, has Full Powers or Unlimited powers. Thus, the delegation processes amongst the DCs starts from the Board of Directors to the CMD awards upto the last level Decision Centre.

Even after a careful scrutiny of the power charts and the booklets containing them, it could not be ascertained if at the event of temporary absence of some functionaries at higher levels, two of

or more functionaries at the lower level can sanction advances/facilities which individually may be above their level of powers. It may be recalled that such a suggestion was offered by the PEP committee with a view to remove the abstractions in the sanction of credit facilities, on account of the absence of some functionaries and thereby to reduce the waiting time of potential borrowers, even under abnormal situations.

In this bank, as already pointed out, the powers have been delegated sector-wise or purpose wise and not specifically security wise. Figure 5.3 shows the three categories of advances or credit facilities that have been identified for the purpose of detailed analysis. The components and sub-components of facilities under each category are also shown very clearly.

Figure : 5.3 COMPONENTS OF VARIOUS TYPES OF ADVANCES

| Category of Advances | Components of Advances |
|-------------------------|---|
| (1) Industrial Advances | <p>include advances to industries ^{cl} trade and commercial including SSI, establishments,</p> <p>It includes fully secured, partly secured and unsecured Demand Loans, Term Loans, Bridge Loans against Fixed Assets and working capital loans</p> |

to corporate and non-corporate borrowers against pledge, hypothecation of goods/book-debts etc.

(2) Agricultural
Advances

^{cl} Include (i) Demand/Term Loans including composite Term Loans fully secured for acquiring fixed assets, Deferred payment guarantees, acceptance of usance bills (Medium/Long Term).

(ii) Partly secured/unsecured Deferred Loans, Bridge Loans for fixed assets-against fixed assets.

(iii) Working capital loans for crop finance, hypothecation of goods/book-debts, acceptance of bills.

(iv) Pledge, hypothecation for distribution of fertilisers/pesticides.

(3) Priority Sector
Advances
(Other than SSI
& Agriculture)

Include loans against fixed assets and for working capital almost on lines of agricultural advances described above.

With this background about the organisation of the bank, the Decision Centres identified and the groups of facilities covered it is now proposed to analyse the MDLPs for each of the nine DCs. In this analysis also, the aggregation of powers for sub-limits has not been done. Instead, the MDLP per borrower specified for the main group as a whole, has been considered and analysed, for which we now turn to Section II.

SECTION - IIANALYSIS OF DELEGATED POWERS AT DECISION CENTRES

In this section also, an attempt has been made to analyse the extent and magnitude of lending powers using the determined code numbers for each decision centre as given in Figure 5.2. The MDLPs of each decision centre is examined for the base year as well as the current year and the changes for in lending powers for each category of advances and the aggregate lending powers at each decision centre have been calculated and analysed. Table 5.2 depicts the delegated lending powers of Decision Centre 'A'.

Table : 5.2 MDLP AT DECISION CENTRE 'A'

| Category of Borrower | M.D.L.P. (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|----------------------------|-------------------|--------------------------------------|---------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 200.00 (40.00) | 750.00 (35.71) | 550.00 | 275 |
| Agriculture | 100.00 (20.00) | 600.00 (28.57) | 500.00 | 500 |
| Priority Sector (Other than SSI & Trade) | 200.00 (40.00) | 750.00 (35.71) | 550.00 | 275 |
| Aggregate | 500.00 | 2100.00 | 1600.00 | 320 |

Note : Figures in brackets indicate percentage of ALP of that year.

This table reveals the MDLPs of Decision Centre 'A' which is the apex decision centre of the top level of management and next only to the Board of Directors. It is exhibiting lending

powers of Decision Centre 'A' for three categories of advances viz. Industry (including SSI and Trade), Agriculture and priority sector (excluding SSI and Agriculture). There are atleast two other types advances viz. Staff advances and advances to other borrowers, which are not taken up for analysis here for two reasons (i) Composition and sub-categorisation of such advances is not uniform during base year and current year (ii) such advances constitute only nominal portion in the aggregate advances of the bank.

First taking up the growth in advances, the advances to industry have increased by Rs. 550 lakhs constituting 275 per cent growth in current year over the base year. The priority sector has secured identical growth, where as agricultural advances have increased by Rs. 500.00 lakhs i.e. growth of 500 per cent, which is the highest among all three categories. The aggregate lending powers of this decision centre has too risen by 320 per cent. Taking the share of each type of advance in ALP of that year, industry and Priority Sector's share is declining from base years 40.00 per cent to 35 per cent, while the share of agriculture which was only 20 per cent in the base year has increased to 28.5 per cent during the current year. Now we taken on Decision Centre 'B'.

Table : 5.3 MDLP AT DECISION CENTRE 'B'

| Category of Borrower | MDLP (Rs. in Lakh) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|--------------------|-------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 150.00 (40.00) | 500.00 (41.66) | 350.00 | 233.33 |
| Agriculture | 750.00 (20.00) | 250.00 (20.83) | 175.00 | 233.33 |
| Priority Sector (Other than SSI & Trade) | 150.00 (40.00) | 450.00 (37.50) | 300.00 | 200.00 |
| Aggregate | 375.00 | 1200.00 | 825.00 | 220.00 |

Note : Figures in brackets indicate percentage of ALP of that year.

This table depicts the MDLPs of Decision Centre 'B'. At this decision centre also, advances to industry and agriculture each have increased by 233.33 per cent while the advances to priority sector has risen by 200 per cent, the share of advances of industry and agriculture to the ALP of base year and current year have increased nominally, there is a small fall in case of priority sector during the current year. The ALP of base year to have increased by 220 per cent. It seems the growth in all categories of advances and ALP as well has been on the identical scale. Now, we analyse the MDLPs of Decision Centre 'C'.

Table : 5.4

MDLP AT DECISION CENTRE 'C'

| Category of Borrower | MDLP (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------|-------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 100.00 (38.46) | 200.00 (40.00) | 100.00 | 100.00 |
| Agriculture | 60.00 (23.07) | 100.00 (20.00) | 40.00 | 66.66 |
| Priority Sector (Other than SSI & Trade) | 100.00 (38.46) | 200.00 (40.00) | 100.00 | 100.00 |
| Aggregate | 260.00 | 500.00 | 240.00 | 92.30 |

Note : Figures in brackets indicate percentage of ALP of that year.

This table shows the MDLPs of Decision Centre 'C', which belongs to the top level of management. In case of this decision centre too advances to industry and Priority Sector have increased by 100 per cent, while agricultural advances have increased by 66.66 per cent only. However, the growth in ALP is of the order of 92.30 per cent. The share of advances to industry and priority sector in the ALP have increased slightly during the current year, while the share of advances to agriculture have marginally gone down. Now, we take up Decision Centre 'D', which is at bottom of the top management level.

Table : 5.5 MDLP AT DECISION CENTRE 'D'

| Category of Borrower | MDLP (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------|-------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 75.00 (39.47) | 150.00 (42.85) | 75.00 | 100.00 |
| Agriculture | 45.00 (23.68) | 50.00 (14.28) | 5.00 | 11.11 |
| Priority Sector (Other than SSI & Trade) | 70.00 (36.84) | 150.00 (42.85) | 80.00 | 114.28 |
| Aggrageat | 190.00 | 250.00 | 160.00 | 84.21 |

Note : Figures in brackets indicate percentage of ALP of that year.

At this Decision Centre, there is one notable change here i.e. advances to industry and priority sector have increased by 100 per cent and 114.28 per cent, while agricultural advances have increased by only 11.11 per cent. The ALP too have risen by 84.21 per cent. If we notice the share of each type of advance to ALP, it has again risen in case of advances to industry and priority sector, while it has declined in case of agriculture. The possible reason for this state of affairs seems that the management of the bank desires faster disposal of agricultural advances at the lower level decision centre. It should be noted that agriculture otherwise is the largest component of priority sector. (In our analysis, we have treated agricultural advances separately). After examining the MDLPs of all the decision centres of top management level, now we analyse the MDLPs of Decision Centres belonging to the middle level of management.

Table : 5.6 MDLP AT DECISION CENTRE 'E'

| Category of Borrower | MDLP (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------|------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 50.00 (38.46) | 75.00 (38.46) | 25.00 | 50.00 |
| Agriculture | 30.00 (23.07) | 45.00 (23.07) | 15.00 | 50.00 |
| Priority Sector (Other than SSI & Trade) | 50.00 (38.46) | 75.00 (38.46) | 25.00 | 50.00 |
| Aggregate | 130.00 | 195.00 | 65.00 | 50.00 |

Note : Figures in brackets indicate percentage of ALP of that year.

The above table describes the MDLPs position of Decision Centre 'E' which is the apex decision centre of middle level management. It's advances to industry, agriculture priority sector and aggregate lending powers each have increased by 50 per cent during the period of our study. The share of each category of advance in the ALP during base year and current year have remained unchanged, which is a new development compared to all the previous decision centre analysed so far. The possible logic for raising the MDLPs of this decision centre on lower scale seems that the bank management does not like to increase the burden of this decision centre in lending operations alone, as it has to supervise and control the decision centres belonging to the grass root level. It is now turn of another decision centre belonging to the range level of management i.e. Decision Centre 'F'.

Table : 5.7 MDLP AT DECISION CENTRE 'F'

| Category of Borrower | MDLP (Rs. in Lakh) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|--------------------|------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 25.00 (38.46) | 50.00 (43.47) | 25.00 | 100.00 |
| Agriculture | 15.00 (23.07) | 20.00 (17.39) | 5.00 | 33.33 |
| Priority Sector (Other than SSI & Trade) | 25.00 (38.46) | 45.00 (39.13) | 20.00 | 80.00 |
| Aggregate | 65.00 | 115.00 | 50.00 | 76.92 |

Note : Figures in brackets indicate percentage of ALP of that year.

This Decision Centre is at the bottom of the middle level of management, hence it too participates in the function of controlling and regulating decision centres belonging to the grass root level. The share of each category of advance in the ALP of base and current year have increased in cases of advances to industry and priority sector, while it has declined marginally in case of advances to agriculture. The growth is also uneven for example industrial advances have 100 per cent, priority sector 80 per cent, ALP 77 per cent and agriculture has 33.33 per cent only. Having examined all MDLPs of all decision centre belonging to top and middle level of management, we now analyse the position of grass root level decision centre.

Table : 5.8 MDLP AT DECISION CENTRE 'G'

| Category of Borrower | MDLP (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------|------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 5.00 (76.92) | 30.00 (44.60) | 25.00 | 5.00 |
| Agriculture | Nil | 2.25 (3.34) | 2.25 | Nil |
| Priority Sector (Other than SSI & Trade) | 1.50 | 35.00 | 33.50 | 22.00 |
| Aggregate | 6.50 | 67.25 | 60.75 | 930.07 |

Note : Figures in brackets indicate percentage of ALP of that year.

The table reveals that the share of industrial advances, which was 76.92 per cent during base year have come down to 44.60 per cent during the current year. The share of priority sector which was only 23.07 per cent only, has increased to 52.04 per cent of the ALP during the current year. Whereas, in case of agricultural advances, this decision centres powers are not available, its advances during the current year amounted to Rs. 2.25 lakhs. The more remarkable growth is noticed in ALP, which have risen from Rs. 6.50 lakhs in base year to Rs. 60.75 lakhs during current year resulting into a growth of 930.07 per cent. It is again due to the reason that base year power of this decision centre were very low. We now analyse the MDLPs of another Decision Centre 'H'.

Table : 5.9 MDLP AT DECISION CENTRE 'H'

| Category of Borrower | MDLP (Rs. in Lakhs) | | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------|------------------|--------------------------------|------------|
| | Base Year | Current Year | | |
| Industry (Including SSI & Trade) | 3.00 (80) | 10.00 (62.89) | 7.00 | 233.33 |
| Agriculture | NA | 0.90 (5.66) | 0.90 | - |
| Priority Sector (Other than SSI & Trade) | 0.75 (20) | 5.00 (31.44) | 4.25 | 566.66 |
| Aggregate | 3.75 | 15.90 | 12.15 | 324.00 |

Note : Figures in brackets indicate percentage of ALP of that year.

This Decision Centre is second in hierarchy at the grass root level of management. Here also the pattern seems to be almost identical to its previous decision centre. The level of advances to industries which were 80 per cent of ALP during base year have come down to 62.69 per cent during the current year. In contrast, priority sector advances have increased its share in ALP from mere 20 per cent to 31.44 per cent during current year. Talking about growth in current year over base year, industrial advances have grown by 233.33 per cent and priority sector advances have grown by 566.66 per cent. The growth of ALP is equally impressive i.e. 324 per cent. We now analyse the MDLP position of Decision Centre 'I' which is at the bottom of the grass root level as well as the bank.

Table : 5.10 MDLP AT DECISION CENTRE 'I'

| Category of Borrower | MDLP (Rs. in Lakh) Base Year | Current Year | Change in Amount (Rs. in Lakh) | Change (%) |
|--|---------------------------------|-----------------|-----------------------------------|------------|
| Industry (Including SSI & Trade) | 1.00 (80) | 3.00 (68.18) | 2.00 | 2.00 |
| Agriculture | N.A. | 0.40 (9.09) | 0.40 | - |
| Priority Sector (Other than SSI & Trade) | 0.25 (20) | 1.00 (22.72) | 0.75 | 3.00 |
| Aggregate | 1.25 | 4.40 | 3.15 | 252.00 |

Note : Figures in brackets indicate percentage of ALP of that year.

The Table describes the MDLP position of this Decision Centre in respect of industrial advances, which have increased during current year by 200 per cent and in absolute terms by Rs. 2 lakhs. The priority sector advances have increased by 300 per cent, in absolute terms Rs. 75,000/- Even ALP of base year have increased by 252 per cent and in absolute terms by Rs. 3.15 lakhs.

In conclusion, we can state that the Decision Centres belonging to the top level management of this bank gets a lion's share of the increased MDLPs, while the middle level Decision Centre have moderate increase in their MDLPs and the grass root level decision centres have only nominal increased in their MDLPs during the current year. After examining the MDLP position of all the decision centres of this bank, we now take a focused view on only the changes that have taken place at all the DCs of this bank during period.

Table : 5.11 CHANGE IN MDLP AT ALL DECISION CENTRES DURING PERIOD OF ANALYSIS

| Advances Category | (Amt. Rs. In Lakhs) | | | | | | | | |
|--|---------------------|--------------------|------------------|-------------------|---------------|------------------|------------------|------------------|---------------|
| | DECISION CENTRES | | | | | | | | |
| | Top | | | Middle | | | Grass Root | | |
| | A | B | C | D | E | F | G | H | I |
| 1 Industry (Including SSI & Trade) | 550.00 (275) | 350.00 (233.33) | 100.00 (100) | 75.00 (100) | 25.00 (50) | 25.00 (100) | 25.00 (500) | 7.00 (233.33) | 2.00 (200) |
| 2 Agriculture | 500.00 (500) | 175.00 (233.33) | 40.00 (66.66) | 5.00 (11.11) | 15.00 (50) | 05.00 (33.33) | 2.25 (-) | 0.90 (-) | 0.40 (-) |
| 3 Priority Sector (Other than SSI and Trade) | 550.00 (275) | 300.00 (200) | 100.00 (100) | 80.00 (114.28) | 25.00 (50) | 20.00 (80) | 33.50 (22.00) | 4.25 (566.66) | 0.75 (300) |

Note : Figures in brackets indicate percentage change in current year over base year.

This table gives a detailed view of the changes in the MDLPs of all the Decision Centres as well as for all the major types of advances during period of our study. The figures indicate actual amounts and in the figures in brackets indicate percentage change over the base year MDLPs. The table is self explanatory itself. For example, the change in advances to industry are on declining trend looking to the percentage of change from Decision Centre 'A' to Decision Centre 'I', it is ranging down wards from 500 per cent to 500 per cent amount wise range of difference also varies from Rs. 2 lakhs at Decision centre 'I' to the highest Rs. 550 lakhs at Decision Centre 'A'. Similarly, the changes in agricultural advances two ranges between Rs. 40 thousand at Decision Centre 'I' To Rs. 500 lakhs at Decision Centre 'A'. The lending powers of Decision Centres 'G', 'H' and 'I' for the base year are not available, hence it does not merit analysis based on percentage of change. So far as the priority sector advances are concerned, the changes in terms of amounts are also almost on lines with that of industrial advances.

Having examined the analysis of changes at all the decision centres, it would be appropriate to study the distribution of aggregate lending powers at different centres/levels of management.

Table : 5.12

DISTRIBUTION OF AGGREGATE LENDING POWERS OF ALL DECISION
CENTRES AS PER LEVEL OF MANAGEMENT

| Level of Management | Aggregate Lending Powers | | Change in Amount (Rs. in Lakh) | Change (%) |
|---------------------|----------------------------|-------------------------------|-----------------------------------|------------|
| | Base Year (Rs. in Lakh) | Current Year (Rs. in Lakh) | | |
| Top | 1325.00 (86.52) | 4150.00 (91.26) | 2825.00 | 213.21 |
| Middle | 195.00 (12.73) | 310.00 (6.82) | 115.00 | 58.97 |
| Grass Root | 11.50 (0.75) | 87.55 (1.92) | 76.05 | 661.30 |
| Aggregate | 1531.50 | 4547.55 | 3016.05 | 196.93 |

Note : Figures in brackets indicate percentage of the ALP of that year.

This table highlights concentration of aggregate lending powers at different levels of centres/levels of management. It is evident that at the top level of management the lending powers of top management level were 86.52 per cent of the aggregate lending powers during the base year, which increased further to 91.26 per cent during the current year. This highlights the most salient feature of delegation of lending powers at this bank. As regards the middle level of management Decision Centres shared only 12.73 per cent of ALPs during the base year, which declines sharply to 6.82 per cent during the current year. The grass root level DCs had only 0.75 % in the ALP during the base year, surprisingly increases to 1.92% of ALP during the current year. It is a healthy development and needs to be encouraged vigorously.

SECTION - IIIEXTENT AND MAGNITUDE OF DELEGATION

In order to find out the magnitude of delegation starting from Decision Centre 'A' to Decision Centre 'I' the data of MDLPs has been put on a matrix type of table. For the purpose of finding out extent and magnitude of delegation in matrix tables starting from Table 5.13, Table 5.14, Table 5.15 and 5.17. The same method is utilised as given ⁱⁿ chapters 3, and 4 earlier. Such a method is very useful to find out relation of each Decision centres share in MDLPs of another decision centre belonging to not only same level of management but also belonging to the remaining other two levels of management Table 5.13 contains extent and magnitude of MDLPs for agriculture for the current year.

Table : 5.13

EXTENT AND MAGNITUDE OF MDLPs FOR AGRICULTURE FOR
CURRENT YEAR

| Levels of Man- agement | Extent of Delegation | | Magnitude of Delegation as per cent of higher decision centres | | | | | | | | |
|------------------------------|-------------------------|-------------------------|---|-----------|-----------|-----------|-----------|-----------|------------|-----------|---|
| | Decision Centres | MDLP (Rs.in Lakh) | Top | | | | Middle | | Grass Root | | |
| | | | A | B | C | D | E | F | G | H | I |
| Top | A | 600.00 | - | | | | | | | | |
| | B | 250.00 | 41. 67 | - | | | | | | | |
| | C | 100.00 | 16. 67 | 40. 00 | - | | | | | | |
| | D | 50.00 | 8. 33 | 20. 00 | 50. 00 | - | | | | | |
| Middle | E | 45.00 | 7. 50 | 18. 00 | 45. 00 | 90. 00 | - | | | | |
| | F | 20.00 | 3. 33 | 8. 00 | 20. 00 | 40. 00 | 44. 44 | - | | | |
| Grass Root | G | 2.25 | 0. 38 | 0. 90 | 2. 25 | 4. 50 | 5. 00 | 11. 25 | - | | |
| | H | 0.90 | 0. 15 | 0. 36 | 0. 90 | 1. 80 | 2. 00 | 4. 50 | 40. 00 | - | |
| | I | 0.40 | 0. 07 | 0. 16 | 0. 40 | 0. 80 | 0. 88 | 2. 00 | 17. 77 | 44. 44 | - |

This table reveals all the decision centres of this bank, its level of management, MDLPs enjoyed by each decision centre, aggregate MDLPs and share of each decision centre of the aggregate MDLPs and share of each decision centre in MDLP of all other decision centres belonging to all the levels of management i.e. top level management, middle level management and grass root level of management. It is quite obvious that the decision centres belonging to grass root level have very meagre powers as compared to decision centres belonging to other two higher levels of management. For example the MDLP of Decision Centre 'C' is only Rs. 2.25 lakhs i.e. only 11.25 per cent of its immediate higher decision centre. Such a decline in share in MDLP is not evident anywhere in this table. It is worth comparing here the MDLPs of Decision Centre 'E', which is Rs. 45 lakhs i.e. 90 per cent of its immediate higher Decision Centre 'D'. The range of decline, in MDLPs of decision centres from top level management to the grass root level of management is between 41 per cent to 50 per cent, 44 per cent to 90 per cent and 11 per cent to 44 per cent (approximately) respectively.

Table : 5.14

EXTENT AND MAGNITUDE OF MDLPs FOR INDUSTRY FOR
CURRENT YEAR

| Levels of Man- agement | Extent of Delegation | | Magnitude of Delegation as per cent of higher decision centres | | | | | | | | |
|------------------------------|-------------------------|-------------------------|---|-----------|-----------|-----------|-----------|-----------|------------|-----------|---|
| | Decision Centres | MDLP (Rs.in Lakh) | Top | | | | Middle | | Grass Root | | |
| | | | A | B | C | D | E | F | G | H | I |
| Top | A | 750.00 | - | | | | | | | | |
| | B | 500.00 | 66. 66 | - | | | | | | | |
| | C | 200.00 | 26. 66 | 40. 00 | - | | | | | | |
| | D | 150.00 | 20. 00 | 30. 00 | 75. 00 | - | | | | | |
| Middle | E | 75.00 | 10. 00 | 15. 00 | 37. 50 | 50. 00 | - | | | | |
| | F | 50.00 | 6. 66 | 10. 00 | 25. 00 | 33. 33 | 66. 66 | - | | | |
| Grass Root | G | 30.00 | 4. 00 | 6. 00 | 15. 00 | 20. 00 | 40. 00 | 60. 00 | - | | |
| | H | 10.00 | 1. 33 | 2. 00 | 5. 00 | 6. 66 | 13. 33 | 20. 00 | 33. 33 | - | |
| | I | 3.00 | 0. 40 | 0. 60 | 1. 50 | 2. 00 | 4. 00 | 6. 00 | 10. 00 | 30. 00 | - |

The table 5.14 shows the MDLP position of all decision centre for advances to industry. It may be noted here that banks in India have been traditionally financing industry including SSI and trade. The sharp decline in MDLPs of Decision Centre 'G' of the previous table is not found in this table. Taking the lowest decision centre of each level of management, it is quite obvious that its share of the higher level decision centres is relatively higher e.g. Decision Centre 'E' share is 90 per cent while Decision centre 'G' has only 11.25 per cent of the MDLPs enjoyed by its immediate higher decision centre, which fall in category of higher level of management. Otherwise, there is only marginal difference in the shares of lowest decision centre of each level of management of its higher decision centre belonging to the same level of management. We now shift to similar analysis pertaining to Priority sector, which is getting top most priority at the government level resulting into policy guidelines for the top level managements of the concerned banks. It deserves to be noted that some banks have designed their power structure as per different schemes of financing in case of priority sector advances. Such banks are outside the purview of our analysis for other reasons.

Table : 5.15

EXTENT AND MAGNITUDE OF MDLPs FOR PRIORITY SECTOR FOR
CURRENT YEAR

| Levels of Man- agement | Extent of Delegation | | Magnitude of Delegation as per cent of higher decision centres | | | | | | | | |
|------------------------------|-------------------------|--------------------------|---|-----------|-----------|-----------|-----------|-----------|------------|-----------|---|
| | Decision Centres | MDLP (Rs. in Lakh) | Top | | | | Middle | | Grass Root | | |
| | | | A | B | C | D | E | F | G | H | I |
| Top | A | 750.00 | - | | | | | | | | |
| | B | 450.00 | 60. 00 | - | | | | | | | |
| | C | 200.00 | 26. 66 | 44. 44 | - | | | | | | |
| | D | 150.00 | 20. 00 | 33. 33 | 75. 00 | - | | | | | |
| Middle | E | 75.00 | 10. 00 | 16. 66 | 37. 50 | 50. 00 | - | | | | |
| | F | 45.00 | 6. 00 | 10. 00 | 27. 50 | 30. 00 | 60. 00 | - | | | |
| Grass Root | G | 35.00 | 4. 66 | 7. 77 | 17. 50 | 23. 33 | 46. 66 | 77. 77 | - | | |
| | H | 5.00 | 0. 66 | 1. 11 | 2. 50 | 3. 33 | 6. 66 | 11. 11 | 14. 28 | - | |
| | I | 1.00 | 0. 13 | 0. 22 | 0. 50 | 0. 66 | 1. 33 | 2. 22 | 2. 85 | 20. 00 | - |

The table 5.15 depicts MDLP position of all decision centres for priority sector only. In case of this bank, it does not include small scale industrial units and agriculture, though they are important components of P.S. advances. Here the range of fluctuations at top level of management is quite high i.e. between 60 per cent to 75 per cent, middle level management has the range of 37 per cent to 60 per cent while the grass root level decision centres have it between 20 per cent to 46 per cent respectively. The lowest decision centre at each level have declining share of its higher decision centres of the same level of management. For example Decision Centre 'D' has 20 per cent, 33.33 per cent and 75 per cent respectively of its higher level decision centres. Whereas decision Centre 'F' has 6 per cent, 10 per cent and 27.50 per cent. While Decision Centre 'I' has only its share ranging between 0.13 per cent to 1.33 per cent only.

Having considered MDLP position for specified type of advance, we now turn to a different type of analysis in Table 5.16.

Table : 5.16

AGGREGATE LENDING POWERS OF ALL AUTHORITIES FOR BASE YEAR
AND CURRENT YEAR

| Levels of Management | Decision Centre | Aggregate Lending Powers | | Change in Amount (Rs. in Lakh) | Change (%) |
|----------------------------|--------------------|--------------------------------|--------------------|--------------------------------------|---------------|
| | | Base Year (Rs. in Lakhs) | Current Year | | |
| Top | A | 500.00 (32.65) | 2100.00 (46.18) | 1600.00 (53.03) | 320.00 |
| | B | 375.00 (24.49) | 1200.00 (26.39) | 825.00 (27.35) | 220.00 |
| | C | 260.00 (16.98) | 500.00 (10.99) | 240.00 (7.96) | 92.30 |
| | D | 190.00 (12.40) | 350.00 (7.69) | 160.00 (5.30) | 84.21 |
| Middle | E | 130.00 (8.49) | 195.00 (4.29) | 65.00 (2.15) | 50.00 |
| | F | 65.00 (4.24) | 115.00 (2.53) | 50.00 (1.65) | 76.92 |
| Grass Root | G | 6.50 (0.42) | 67.25 (1.48) | 60.75 (2.01) | 934.61 |
| | H | 3.75 (0.24) | 15.90 (0.35) | 12.15 (0.40) | 324.00 |
| | I | 1.25 (0.08) | 4.40 (0.10) | 3.15 (0.10) | 210.00 |
| Aggregate | | 1531.50 | 4547.55 | 3016.05 | 196.93 |

Note : Figures in brackets indicate percentage of the ALP of that particular year.

This table gives a comprehensive picture of aggregate lending powers of all Decision Centres of this bank for the base year and current year as well. ALP here includes lending powers of all categories of advances analysed in this chapter only. If we view the change in percentage during current year over base year, very laudable picture emerges. We find that the top level management decision centres powers have increased in the range of 84.21 per cent to 320 per cent, the middle level decision centres range is between 50 per cent to 76 per cent, while the grass root level decision centres range is between 210 per cent to 934.61 per cent such a progressive policy is somehow absent in case of the previous banks analysed. It means that borrowal proposals for smaller amounts are ^{ely}liking to be disposed of in ^{least}best possible time because these decision centres powers for lending operations are substantially increased as compared to their power structure of the base year. This does not mean that share of lower level decision centres in the ALP for that year has also increased. It is declining progressively. Therefore an inference can be drawn that as base year powers of grass root level decision centres ^{were}very low, hence growth apparently looks impressive. Still it should be recorded that the top level decision centres at this bank have relatively lower share in ALP during current year as compared to their share of base year at majority of the decision centres. It is now, the turn of Matrix type table for the same i.e. Aggregate Lending powers.

Table : 5.17

EXTENT AND MAGNITUDE OF MDLPs FOR AGGREGATE LENDING POWERS
OF ALL DECISION CENTRES FOR CURRENT YEAR

| Levels of Management | Extent of Delegation | | Magnitude of Delegation as per cent of higher decision centres | | | | | | | | |
|----------------------|----------------------|--------------------|--|-----------|-----------|-----------|-----------|-----------|------------|-----------|---|
| | Decision Centres | MDLP (Rs. in Lakh) | Top | | | | Middle | | Grass Root | | |
| | | | A | B | C | D | E | F | G | H | I |
| Top | A | 2100.00 | - | | | | | | | | |
| | B | 1200.00 | 57. 14 | - | | | | | | | |
| | C | 500.00 | 23. 80 | 41. 66 | - | | | | | | |
| | D | 350.00 | 16. 66 | 29. 16 | 70. 00 | - | | | | | |
| Middle | E | 195.00 | 9. 28 | 16. 25 | 39. 00 | 55. 71 | - | | | | |
| | F | 115.00 | 5. 47 | 9. 58 | 23. 00 | 32. 85 | 58. 97 | - | | | |
| Grass Root | G | 67.25 | 3. 20 | 5. 60 | 13. 45 | 19. 21 | 34. 48 | 58. 47 | - | | |
| | H | 15.90 | 0. 75 | 1. 32 | 3. 18 | 4. 54 | 8. 15 | 8. 15 | 23. 64 | - | |
| | I | 4.40 | 0. 20 | 0. 36 | 0. 88 | 1. 25 | 2. 25 | 3. 82 | 6. 54 | 27. 67 | - |

Like the previous tables, this table depicts the extent and magnitude of MDLPs for Aggregate lending powers of all the decision centres for current year only. One trend which is apparently noticed here is that the range of change in percentage is quite higher at top management i.e. between 57.14 per cent to 70 per cent, the middle level decision centres have the range of 39 per cent to 58.97 per cent, while the grass root level decision centres have the range of 27.67 per cent to 58 per cent respectively. It can be concluded from this analysis that though this bank has tried to increase the lending powers of decision centres belonging to grass root level, their share in the ALP still is not satisfactory. For faster disposal of loan proposals, it is absolutely necessary that decision centres of grass root level should have their MDLPs still enhanced. It has been recommended by several official committees appointed by the government that nearly 30 per cent of all borrowal proposals should be decided at grass root level only.