



SECTION – I PIONEERS

Case 1

A Tribute–One Barefoot Banker

*“Sam Gachhadwam Sam Vadadwam,
Samvo Manansi Janatam”*

Rig Veda

(Let us walk together; let us talk together; let us understand together)

Venkat was asked to man a one-man branch of the bank in a village. He was given a cashier-cum-clerk, that made the two-men branch in actuality. He was paid servant allowance who attended to his personal work and bank’s work. The premises was office-cum-residence and the safe-room of the office was the bed-room of the residence. No watchman, no armed guard. The family members, his wife and widow mother were the watch and ward. He was given no other perks or allowances.

What is more important was he had no job-description expressing duties and responsibilities. Everything was oral communication, if at all there was any, it was from the Regional Manager.

Organizational theories tell us that under such circumstances, *‘the shaping of role-behaviour is influenced by three kinds of demands: Personal Demands, Social Demands, and Organizational Demands.*

Personal Demand of Venkat

A commerce graduate he joined the bank as a clerk in late 50’s, passed C.A.I.I.B., got promoted to officer cadre and had

displayed confidence as a desk officer in Advances section. Personal Demands include *education and previous exposure*.

Social Demands of Venkat

Social Demands are inter-personal demands. By nature he was sociable and very much interactive. He was not like the proverbial banker who keeps his eyes and ears open and mouth shut. Instead he could make others shut their mouth, by shouting at them. What we did not know was his ability to learn and willingness to learn. We'll come to it later.

Venkat's interpersonal skills apart, his knowledge, and other skills and experience played part. His personality and values were revealed in the trying circumstances – his ability to '*strike a rapport, establish high quality inter-personal relations with key members of the work group, and generate supportive behaviours*'. It is not merely with workgroups but also with the groups of people who matter in the village.

Organizational Demands

It is here one might say that the demands from the higher authorities were far from being unambiguous. The circulars from Head Office gave him only the targets – no. of accounts and disbursements made to agriculture and other weaker sections. For these ends the circulars generally do not spell the means. The means were left to the individual who occupies the role.

The higher authorities were under pressure from the Government to show results. Even to them the results meant targets. One of the measures the higher management took was to open rural branches and post middle aged officers like Venkat and wait for things to happen.

While addressing the Chief Executives of 14 nationalized banks, the Prime Minister, Indira Gandhi exhorted the bankers thus:

'I know banking is a conservative and staid profession; but people's aspirations are rising and the bankers must rise to meet their heightened expectations. I know that expectations run ahead of capacities to fulfill them.'

The Heads of Banks nodded, some applauded, others had their doubts unexpressed, lest their heads might roll. The prudent banker amongst them wondered about their fiduciary responsibility in dealing with other people's money. A prudent banker should observe *'how men of prudence, discretion and intelligence manage their own affairs in regard to the permanent disposition of their funds considering probable income, as well as probable safety of the money involved'*. (1830 Massachusetts Court definition)

However, they knew that the Prime Minister knew it, as could be seen from her opening remarks. All they had to do was to reconcile. Building capacities as referred by the Prime Minister takes time. Motivating the grass-roots Managers and re-orienting them to the new roles is not an easy task. The impatient Government of the people want results, immediate and tangible. Of course it means exceeding the targets put before them.

Government Initiatives

Government has taken several initiatives like formation of NABARD, Credit guarantee scheme and other measures to encourage the bankers which were first reported in the newspapers and came in the form of circulars much later. Venkat had been reading the reports, articles and editorials and made his own self study. He had to make a difference and that was his *personal demand*. He could make things different by his leadership and

other soft skills. He was intelligent enough to read between the lines of both the reports and the circulars from the head office. The signals were far from clear – green, red or amber, nobody knows.

Venkat made a difference

Some of his colleagues adopted different style. Some behaved like the shoe company salesman who found that no one wears the shoes in the area and hence no scope. But Venkat was like the second salesman who saw the same thing but with different pair of glasses. He thought there was tremendous potential if only we teach people to wear shoes. There were others who did pretty little and were transferred back to the city which was what they wanted. It is like the fellow who committed a theft and went to jail; in the jail he played cards and cheated the inmates and he was thrown out!

But Venkat is a different man. He wanted to test the hypothesis that money given to the villagers is both safe and income generating. It is a viable proposition. He must prove it. He believed in Dr.Johnson's dictum – it is better to trust and be cheated than not trust at all. Venkat trusted and went ahead with positive thinking. This is what Lord Keynes meant when he said that 'a large proportion of positive activities depend on *spontaneous optimism* rather than on mathematical expectations.'

Farmers' Despondency

He went, he saw and now he had to conquer. He had hurdles to overcome, battles to win. But his first hurdle was that the farmer was not responding to the bank's initiatives. Repeated cyclones made the soil unsuitable for the cultivation of their staple crop-tobacco, which had been fetching good returns. Returns from agricultural operations must be attractive to the farmer to re-invest. Rich farmers may take a holiday for a season or two. The small

farmer was in distress. Fifty percent of agriculture output in India comes from the Small and Marginal Farmers.

The real purpose of Nationalization was to help innumerable small and Marginal Farmers to raise their incomes with *timely credit* for investment in agriculture. Venkat had a new role to play-Barefoot Banker. He must embark on *padayatra* the Gandhian way of understanding the peoples' problems. Gandhi did not invent *padayatra*. He re-invented the 'wheel' of understanding in ancient times.

Let's walk together, let's talk together, let's understand together. We have its poor imitation in news channels, now. You have to walk in the fields, in the open spaces with an open mind; under the trees, away from homes and bank premises, talk as equals to understand the situation.

Its aim is *collaborative problem solving*. Farmers know farming, they have their past-experiences—but only traditional wisdom. Science and technology is searching for improved methods of cultivation, better seeds, equipments, cropping pattern etc. A farmer in distress needs information and Venkat can't provide it.

There was no Internet in 1969. Nearby Agriculture College, Bapatla was a good source of information. But district administration must help them. So he led a delegation of farmers to the District Agriculture Officer and obtained valid information – they must change to cotton. Venkat was thrilled but not the farmers. He must use the skill of *persuasive reasoning*.

Venkat I knew as a clerk could shout at any one who opposed. He must have un-learned this dysfunctional habit of raising the voice. He began using the skill of *personal disclosure*. He appealed to them that the bank opened the shop with high

hopes. There was no reason why any prudent banker should ever think of opening a rural branch, much less at their village with such negative people. He could have lived in the cities happily.

The emotional appeal worked on some. He had a few supporters to his idea of cotton crop, a new venture; a few were ready to take risk. With them he went on *padayatra* to all the villages in the area. He began *articulating exciting possibilities* – high return for small risks taken. The number of early adopters was rising.

Having enlisted the early adopters he did not wait too long. He offered novel incentives: clean loans, bridge finance, on the lines of credit facilities given to industrialists. He had ample experience in class banking, product development and innovation, what was left was to convince his superiors, an organizational demand.

The higher ups had no knowledge of what this barefoot banker was doing. They had to rely on him. He had the independence, freedom and autonomy, necessary for decentralized decision making. He knew the way, how in the past his Manager in Chennai was exceeding his authority and used to write to the head office to ratify his decisions. He did the same thing with success. But the Regional Manager kept mum, – it was his style. Wait for results, if they were positive, well, he could confirm all actions done at grass-roots. If the results were bad the axe could fall on Venkat for indiscretion.

Fortunately for Venkat it worked in his favour. Each farmer who borrowed Rs.5000/- brought back Rs.50,000 or more. By next season those who migrated returned home to grow cotton with the bank's financial help. The late adopters joined in the village fell in line. The branch grew by leaps and bounds.

Entrepreneurship

Any other person would have thanked God. Venkat, an agnostic that I knew, would have patted his own back for what we call *entrepreneurship*.

He left the place on his onward journey in the banking career which was cut short by a massive heart attack in 1981 in Chennai. It was the village representatives who were the first to arrive at Chennai to attend Venkat's funeral. This is what the barefoot bankers get-the gratitude of the multitude. There have been many, ever since, who are all remembered with great reverence for a long long time for the role they played.

Karma Yogi

What these barefoot bankers do is yajna in the true sense of the term, altruistic action, done for the welfare of the society without seeking personal rewards.. They perform karma raised to the level of yajna.

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Case 2 – First Person Account - BVS

I passed B.Com and joined LLB when I casually applied for DRO (Direct Recruit Officer) post in a Karnataka Bank and got the appointment after an interview. I think I was selected because of my extracurricular activities in school and college. I was in Boy Scouts in school and into N.S.S and N.C.C. in college as group leader.

I worked in Udipi and Mangalore. My father wanted me to be with him in Chennai and therefore I had to change the bank accepting a clerical post. But I was posted to Kakinada . I was fortunate to work under two good bankers and served the branch from its inception. The branch being small, trying to establish itself, I could learn all the work in all the departments. Soon I discovered that I was good at *relationships*. The branch progressed rapidly and within three years I was promoted to the officer cadre. I was sent to Vizag to assist in the organizing of a new branch there. From that time onwards I was identified as an expert in making arrangements for a new branch. On a number of occasions I was deputed to the branch opening. The Gujarati bank systematically expanded their branch network in A.P.



My first posting as Manager in rural branch came as a boon in 1968 (Yeditha). It was an experimental one-man branch. I was given a servant allowance of Rs.50/- and my residence and the branch were one and the same, My wife became the Bank's unpaid 'employee'. Though she was

not doing any writing work, she accompanied me in outdoor work for deposits mobilization! It was women folk, the decision makers, observing *purdah* that made my wife's contribution significant. Thanks to the quick growth, the branch became a full-fledged branch. This experiment was the most rewarding experience in my early career. I was awarded for work in service, loan recovery, and public relation. ***I was instrumental in getting telephone and tar road for the village.***

I spent money from my pocket on the domestic servant more than what bank allowed because of my natural *disposition of generosity*.

The village life is different from the urban life. I had to adapt myself to the new situation. As a bank Manager who commanded a special place in the village I had to meet their expectations. I went beyond their expectations by *organizing picnics, tournaments in badminton, volleyball and elocution contests on topics like 'savings'*. I impressed upon the influential land lord to donate money for the *improvements of the infrastructure for the school*. The thatched shed turned into a near-comfortable building. I derived *pleasure in the community service*. Branch had no strict timings, it was like day and night bank. Recalling those wonderful days itself is an elixir to me.

From Yeditha branch, a rural branch with name and fame I went to Barkatpura, Hyderabad branch where I worked for 6 years and made it an 'outstanding' and 'best managed' branch and won special increment. I was the only man who got it in Andhra Pradesh.

In 1978 I was asked to open 4 rural branches in a span of 1½ months. Inole, Zafargadh, Narmetta – all under lead-bank scheme – and Kadipikonda were opened.

Though I had completed 4 years rural service I was again posted to a rural branch. *I did not hesitate to go. Wherever I went I went with family and I never did 'up-down' although I could have easily done* because Kadipikonda branch was actually situated in Kazipet which was 2 hours journey from Hyderabad and is like a small town with 10000 or more Railway employees living and a small market developed around the Railway Station.

I found marked difference between Yeditha and Kadipikonda areas. In Yeditha the farmers were rich cane growers linked to Chelluru sugar factory. There was no Lead Bank scheme or DLCC meetings nor were there any targets for weaker-section.

Kadipikonda was in a backward district. Lead Bank scheme was in force. Agriculture was not developed. Farmers were small and marginal farmers who grew rice and jowar under rain-fed cultivation. I started canvassing for deposits from the rural areas, Railway employees, small businessmen, shop-keepers, and improved the branch in all fields within a short time to the satisfaction of the Regional Managers.

I contacted missionary people – St.Gabrial School, Church and Archbishop of the area for deposits with considerable success. Villagers and farmers approached the branch for loans for agriculture and other occupations. I requested them to get their names registered through Revenue Officials and Lead Bank offices. I *educated* them about the advantage of bank loans provided they repaid promptly. They responded well. They were very sincere and I had happy experience financing the rural people. The staff strength increased, customers increased and branch progressed and earned good reputation. *My staff cooperated very well.*

An event I cannot forget was when the area Bishop came to dinner to my home. When I invited him, his assistants raised their eyebrows but to the surprise of every one the Bishop accepted the

invitation. There was a large gathering on that day in my house. He blessed and appreciated my social behaviour and politeness. I was thrilled with joy.

The then Chief General Manager, of South Central Railways visited the bank once with his family. I requested him to open an account and he readily obliged. I was very honest and sincere in duty and in discussions with all.

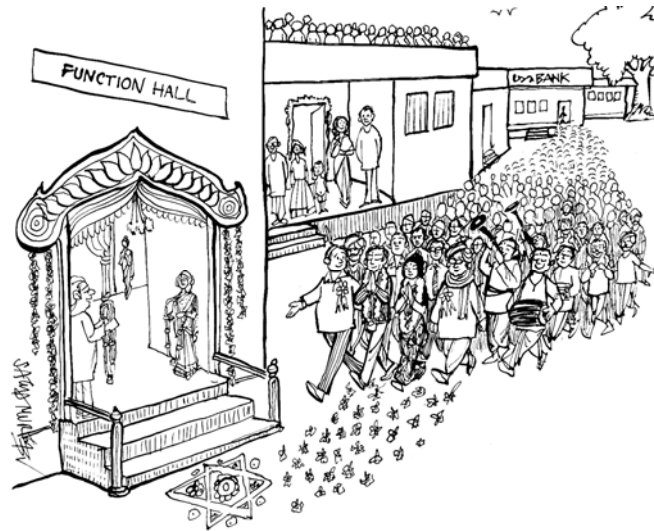
More than 70% of our advances were to the farmers and the rest for small borrowers. Yet I had to face an *unpleasant situation*. One day the MLA came to our office with a list of 100 names and asked me to grant loans. I told the politician to route the application through revenue officials so that they would forward it to the bank, but he would not listen. He wanted the loans to be sanctioned within a week and threatened me with dire consequences. *I kept my cool* and he went away. Subsequently the Regional Manager phoned me and asked me to come to Hyderabad Regional Office. It seemed the MLA complained that I insulted him, a peoples representative. But the RM told the MLA that I was not a man to insult any one, leave alone an MLA. That was the *confidence I enjoyed from the higher authorities*. I was, in fact, complimented for tackling the situation well.

During my stay between 1978-82 the branch earned 'best performance shield' which is given for alround performance. I got a transfer to Visakhapatnam, a high potential area. I realized from these transfers that a Manager must adjust to the area of operation and different postings to different areas will enrich his life.

PS : Gratitude Over-Whelming After Four Decades

B.V.S. happened to visit Yeditha after a lapse of forty years. News of his impending visit spread in the village, spurring the villagers into a frenzy of activity. Vow! What a reception was accorded to him! He was welcomed with the traditional

NADASWARAM and was led to the town hall where he was felicitated. Speaker after speaker waxed eloquence, recalling his innovative banking schemes, the benefits reaped by the villagers and the consequent upliftment of the village.



The entire episode---the welcome, the felicitation and the eulogy---was a testimony to the warmth and gratitude of the villagers and their recognition of his selfless and innovative services.

The second generation beneficiaries were not far behind in recognizing and acknowledging the services of B.V.S. A middle aged man narrated how he reaped the fruits of MINOR ACCOUNT SCHEME started by him.

If a minor account is opened, the account holder [minor] used to be given an incentive of a slate and pencil. The gentleman referred to in the episode, argued and fought with his mother to get his Rs. 5 to open the account and get pencil and slate free.



Episodes like this serve two purposes -it is the greatest publicity to a bank or an organization. It also gives a boost to rural banking and restores the villagers' faith in the banking system.

It saves the rural masses from the clutches of private money lenders who suck the meager finances of the innocent villagers. More important, the warm glow of the gratification and recognition are rewards that go a long way in lighting and lightening the banker's life.

- Author



Case 3 – First Person Account - SVS

I took charge of the rural branch in the year 1975 which was opened in 1969 as a one-man branch under the base urban branch to support it. I was not going to a strange place.

As an accountant of the base urban branch supporting the one man branch, I was fully involved in the opening and subsequent support.

My predecessor, the late Mr.Venkatanarayana created history about which there is a tribute in this volume.

With his hard, sincere and selfless work the first Manager of the branch was remembered and loved so much by the people of the area that when he died, many from the village had voluntarily gone to his place to pay their last respects to him.

To take over charge of such a branch is not easy. The customers and villagers used to wonder whether I would live up to their expectations. In my 4 years of service there I could establish myself as a benefactor in equal measure. What is more important, the bank's name established in the minds of all the villagers. Change of Manager would no longer work on their minds. There was continuity in the image of the bank we both worked for.

Crop Failure

The people who grew cotton had got good returns and the next year almost all the people in and around the area started growing cotton. But in a few places people also started growing food crops due to the inclusion of the area under the Nagarjuna Sagar Ayacut. With this their requirements had gone up and we were obliged to extend higher loans to meet their agriculture operations. By then the Cotton Corporation also started functioning from the nearby urban places. They expected good production that

year, but unfortunately due to untimely rains expected yields were not seen, not only that year but also for the next 2/3 years. During 1977 there was a very big cyclone which devastated the crops. Looking at their plight I undertook extensive survey of all the 40/45 villages coming under the branch by going from field to field to assess the damage of each person, for which I literally took *Padayatra* through the field walking every day about of 20 km and submitted my report to higher authorities informing them of the alarming situation and of further help required by the farmers for survival, which could be done by converting the existing seasonal loans into long term loans and extending additional loans for their seasonal operations. While this was being processed by the Regional Office, the Central Office had sent instructions to extend further loans and convert existing loans into term loans.



The farmers felt relieved and started raising further crops. They got the required help from the Bank in their difficult days and they voluntarily came to me and promised that they will not only

repay their seasonal loans and the installment on the term loan promptly, but also give adequate deposits to the branch if they get good returns. The situation with some of the farmers was so bad that they did not have enough money even to feed their families, for which I provided them with clean loans repayable out of the crop sales.

In 1979 I was transferred from the place and the next year there was bumper crop and the farmers fulfilled their long pending promise to keep their surpluses in the bank deposits. They told the then Manager that it was an act of gratitude towards me.

During my tenure there I not only helped agriculture but also helped in setting up new small scale units, providing assistance for small business, small entrepreneurs, self-employed people and downtrodden people to enable them to earn their livelihood, and any other financial assistance suitable to the area of operation, individual or group requirements. Though there was no specialized cell for agriculture. I was undertaking almost all the scheme covered under that programme, and other Governmental programmes.

I was not only a Manager but also an adviser and was required to guide them in their daily problems. I was also taken as an advisor on the board of their Montessori School. Literally they recognized my service so much that during their Silver Jubilee celebrations they invited me to their village after I retired from service and felicitated me. Even today, 30 years after my leaving the place they invite me to their village once a while to seek my guidance in certain matters. Recently I was invited and they showered their affection on my family with their hospitality. They expressed that they had not come across such straight forward, yet strict and sincere Managers like me and the late Mr.Venkatanarayana, the first Manager of the branch. Such was the

love and affection. They even tell the other Managers about the style of working of both of us. Hearing this the present Manager, when I recently visited the place, invited me to the branch and sought my advise for improving their business, which I gladly did.

My stay at the branch was not all that smooth as I had encountered a few problems during my working. One day while I was processing Govt. sponsored loans, BDO called on me and threatened me that he would tarnish my image by going to press if I did not consider the loans to some of his own persons outside the bank scheme, as well as under government schemes. I told him that he was at liberty to do anything but I would not yield to such threats as I was required to implement the bank and governments' scheme and I was answerable to only those two authorities.

It was really a challenging, innovative and pleasurable assignment in spite of some inherent risks involved in it. I still cherish my four years of stay among such nice and lovable people of those villages. Even today I feel glad that my sincere, hard and selfless service to them has been so much recognized by those people, but it pains me to realise that the same was not recognized by my own Bank. These are only a few of my experiences and I do feel that many of the Managers working in various rural branches must have had their own experiences, rewarding and satisfying.

PS

In 2010 the branch celebrated 40th Anniversary which was taken up by the villagers themselves. Over 500 farmers attended the function in a function hall. It was graced by bank's Regional Manager and NABARD officials. On the occasion many Managers of the past were remembered.





Case 4 – First Person Account - KBN

Timely Credit

It was in August, 1996 after retirement from Bank's service, I shifted to my own house situated at Poranki-Vijayawada Rural. Bank of India Poranki Branch is nearer to my residential place.

I had chosen to open an Savings Bank account at BOI, and visited the Branch. I requested the counter clerk for savings bank opening form. Hearing my request, another employee of the branch greeted me and introduced himself as a customer of my bank, to whom as Manager of semi-urban Branch, I sanctioned Education Loan for his son's studies abroad. I could recollect and enquired about his welfare and that of his son. He informed me that by availing the loan of Rs.2 lacs his son completed his MS in the US and had also secured a good job. He also informed me that the loan was granted *at a crucial time-- just one week before his son's departure to US to join the University*. Though he was an employee of another Bank, due to procedural delays he could not secure loan from his own bank in time.

The boy could repay the loan within 1½ years of his securing a job in the US. His family could join the category of "High Income Group". Father of the boy used to enquire about my welfare and used to convey 'New year greetings' every year for about 8 or 9 years.

Follow up Relations

I feel, after repayment of loan by the party, the bank should have a mechanism to follow-up by sending new year greetings, advising various deposit schemes for NRIs, and may also seek their cooperation in getting deposits.

Out of the way service

An Engineer employed in BSNL had a bank account with our bank. He used to maintain savings bank account in his name. Whenever he came to bank he used to discuss in general the service at our bank and used to convey his satisfaction. He informed that he was due to retire in one year and would continue to stay at Vijayawada in his own house. One day he called at the bank after banking hours at about 4.30 pm and anxiously enquired for sanction of a loan to meet his *wife's heart operation*. He offered gold ornaments as security and the medical expenses were to be paid before 8 pm. The cash transactions were closed and the closing of cash was being attended to by the staff. When I approached the staff and apprised them of the customer's request they readily agreed to help him by sanctioning and disbursing of loan. He received the loan amount at 5.30 pm and proceeded to the hospital to take care of his wife's health and by-pass surgery costing Rs. 90,000/-.

The customer expressed his gratitude and thanked the Bank's staff after successful operation of his wife. He appreciated the gesture of the bank in providing timely financial help, thus saving his wife's life.

Subsequently on his retirement he deposited the retirement benefits into our bank's deposit account after adjusting the gold loan. This engineer introduced some good accounts of his friends/relatives and became an ambassador of the bank.

I may add that he invited me to his retirement function arranged by his staff and introduced to them, by saying that he was grateful to the Bank's assistance for his wife's health which contributed to a happy retirement.

This type of appreciation of Bank's services gives a long-lasting satisfaction to staff involved.

Social Banking

Loan for family / social obligation:

A retired Engineer who used to work for Irrigation Department living in 'Krishna Lanka' Vijayawada approached the Bank for opening of Savings Bank account. He had two sons – one working in Hyderabad in a private firm, and another chemist working in Autonagar, Vijayawada. He used to deposit certain amount, saved from his second son's salary in the new savings bank account. During discussions he used to tell us that his elder son had two daughters but had no financial stability. And it was his responsibility to perform his grand daughter's marriage. One day he approached the Bank and informed that his grand daughter's marriage has been fixed and the savings in the account was inadequate and he required a loan of Rs. 1 lac. He offered the security of property of Krishnalanka house worth over Rs. 6 lacs. The issue was considered by the bank and a loan of Rs. 1 lac was sanctioned to meet his grand daughter's wedding expenditure.

He appeared trust-worthy as he could maintain his family after retirement as Engineer; he was known for his probity, sincerity and hard work and never accumulated illegal wealth from his position while in service.

After three months he visited the bank and informed that his second son had secured a job in a good pharmaceutical company with a decent salary of Rs. 10,000/- a month, and assured the bank that he will be able to clear the marriage loan within a year and as promised the loan was repaid with 10 months. This was not the end of it. He made his son to open a monthly Recurring Deposit account with substantial amount for a period of 5 years or so. Bank's timely help made their family to route their banking transactions, with our bank.

The underlying principle is this---the more we share, the more we have.

We have to treat the whole family, their current and future requirements and all types of financial needs as if the bank is personified of friend, philosopher, and guide rather than treating the applicant as just an individual.

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Case 5 – First Person Account – VBR (Episodes 1 to 15)

Episode 1

On the fore-noon of 10th December, 1973 I arrived in Warangal to open a new branch of our bank by the end of that month. It was by accident I met the Vice-President of the town's rotary club on the train from Hyderabad to Warangal. He invited me to a seminar their club organized on the subject, 'banks before and after Nationalization. I went to the meeting well before time to get acquainted with elite of that place. I was surprised to see a large gathering including the press reporters. The seminar started on time and speaker after speaker began criticizing the government. The bankers among them were no exception. Four years after Nationalization of major banks in 1969, it was a general understanding; that depositors' money is thrown in the name of social justice. The audience lustily responded to the speakers' sarcasm and sometimes scathing remarks.



I felt sad and was eager to get a chance which I got at the end with a condition that I should be brief. Brief I was. Referring to one speaker, a banker who said that 'credit is the hangman's rope as the French proverb says, that's what banks are offering'; I added it was a rope, alright, but not meant to be hangman's.

Bank credit is a rope that facilitates the farmer to draw water from the well to irrigate his fields and prosper, and not meant to hang himself.

‘Our money with our advice’ is motto with which we give credit. The challenge is challenge of extension work. In this mighty task we need the help of voluntary organizations like the rotary club to educate the rural borrowers to put the credit to proper use’.



**CORPORATE COMMUNICATION
IN ACTION**

I put the matter with logic and emotional appeal. The local press gave ample coverage next day. It gave me and my bank a head start.

Episode 2

Thanks to this introduction and press follow up, I was able to meet people in their places for my business development with ease and without a business card.

Almost all enquired about the credit squeeze by RBI. Some of them who were known as ‘exporters’ were worried that without

bills purchase limit the business in Warangal would come to stand still. It was during these conversations that I came to know the complexity of environment in which I was going to operate. The town has a well regulated grain market. Farmers from the hinterland bring their produce - Chillies, Cotton, Pulses, etc – to the market in carts early morning and the commission agents strike was a price and the packing is done and by evening the commission agents sold them to the exporters who booked the wagons, obtained waybills, invoiced them on buyer's all over the country and got their bills purchased by banks. If banks did not finance these bills, the whole market used to come to a standstill and the poor farmer suffers in the end.

All other banks had put an embargo on financing that season. As I was wondering what to do under such circumstances I received a circular from our head office that the credit squeeze did not apply to Bill Purchase limits.

That was a golden opportunity which I encashed with the help of my regional authority who gave enough discretion to go ahead and capture this business opportunity. There were some problems regarding staff and cash management etc which I could sort out and made good business that season. I became a savior. Others followed little later.

The connection between farmer and the trader and the role of banker, who must keep the interests of farming and rural development, were firmly established in me. I was learning from experience.

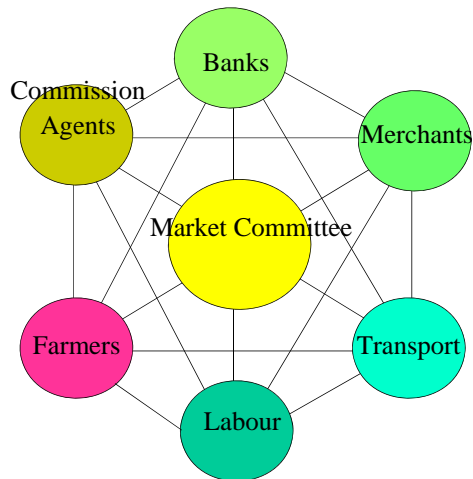
Episode 3

Commission agent was the source of information. Bills Purchase facility to exporters – the middle men – was a traditional indirect finance to the agriculture which I grasped interacting with the market.

But I had to mobilize deposits. I was told that commission agents kept their surplus funds in the banks during off season. So I contacted the biggest agent Mr.Nagalingam to secure some deposits. It turned out to be something different. That made a lot of difference to my strategy in the next four years.



He was a money lender with a difference. During season I visited him and saw him busy; he was with farmers crowded in his home-cum-office – talking, calculating, recording and negotiating and also lending certain amounts as advance before the exporters settled the amounts after receiving the money from banks.



Fifteen days was the time limit. His focus was on small and marginal farmers who considered him with high regard. They have been doing business with him for several years. There was certain bond between them. But now Nagalingam regrets that banks have spoiled the cordial relations by offering direct finance to the farmers. He told me that the town is talking about me. ‘They see that you want to help the farmers in a big way. You can take a few lessons from us and be careful in the help you want to do’ he said. He said that his community of commission agents has been financing the small farmers without asking for all the records banks ask for. “You have a cumbersome procedure of pre-sanction and post-sanction, scale of finance and kind component and cash component”.

He knew all the terminology. He cautioned me not to burn my fingers as most of the other bankers had. ‘There are hundreds of suit filed cases in the District Court’, he said.

I went to him for deposits, instead, I got sermons. ‘I don’t waste money on vakils and courts. I have a few rules. Every year the farmer brings produce to the market. I earn my commission on the produce sold. A farmer brings more and more produce year after year. I know from my records who is a progressive farmer, who is not. I give a loan limit three or four times the commission I earned. My customers remain loyal to me. I trust them and help them to my capacity. But there are some whose needs are beyond my capacity.

I want you to help them; I can suggest a few names. They all belong to Thammadappali village. They are settlers. It is an interior village. I don’t want to know whether they own the land or they are tenants. I know you can’t do as an employee of the bank. You can take your precautions; I assure you about their honesty and ability to produce and generate income’.

I kept quiet most of the time. I was getting a lead and clarity about my strategy hence forth. Nagalingam and his ilk are a source of inspiration and information.

Information opened the gate to the rural world



Field visit of the Manager

Episode 4

To cut the long story short, I went to Thammadapalli and gradually adopted 16 villages in the neighbourhood all interior hinterland whose farmers were connected with the regulated market at Warangal in 1976 two years after the opening of the branch and in the emerging political setup in force. That was the time when the bank management encouraged us to adopt villages. But I had to

deviate from one norm – 10 miles radius from the branch. I took up cluster approach and ARDC refinance. My memory goes to how I got diverted to weaver's plight.

I discussed the idea of village adoption with farmers who were not ready to the idea of mass-banking-financing every one in the village. I sought their help in identifying some from weaker sections to which they suggested weaver community. A young fellow suggested that the bank may consider agricultural labourers too. The plight of the weavers was worse than the agricultural labourers who got their daily wages. Most of the younger generation weavers had migrated to Sholapur, Bhiwandi, and Surat to work in textile mills. The older people were living hand to mouth and were being exploited by the master weavers. The idea of master weaver made me recall what happened to a fellow banker. What follows is an episode within the episode.

A Scape Goat

A dedicated and prudent banker who grew from ranks received a circular from the higher authorities that he should finance 100 loans on Gandhi Jayanthi day under DRI (at 4% interest) to the poorest of the poor. He was in a dilemma whether and how he would find 100 beneficiaries within a fortnight's time. He shared his anxiety with a valued customer who happened to be a master weaver, a *lungi* exporter. The master weaver suggested that he would bring poor weavers whom he might finance. The prudent banker has another worry, the verification of end use to which the master weaver's master mind came up with an idea. The loan of Rs. 1000/- can be given to the beneficiaries for purchase of yarn which the valued customer would supply and the amount could be credited to his own cash credit account and that he would guarantee repayment on monthly basis.

The whole arrangement the inspecting officer later found was defeating the very spirit of DRI loans. The 4% benefit was cornered by the rich middle man! The Manager was subsequently punished afterwards by the bank for having colluded with the customer to divert the benefit from the poor to the rich.



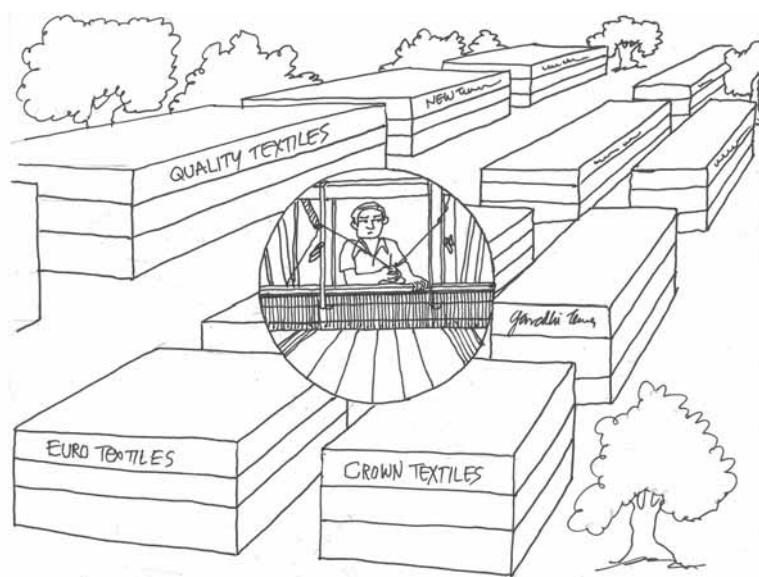
I became cautious. I must have long term plan for the weavers I thought. They must have superior looms and become independent. They could make material which the villagers in the area could buy from the weavers of cloth independent of the master weaver's strangle-hold. Right then what I thought I could do was to buy yarn in bulk and distribute. Later on I could think of upgrading technology. First they must borrow and repay and

cultivate the banking habit. The rich farmers in the village wanted a particular variety of dhotis and sarees which were not made in the village because they were not of finer variety. I organized the weavers who needed the particular yarn and few changes in technology with the help of the government department. Needs of both the rich and the poor had been woven into the fabric of a self-sufficient village. It was an extension work without which bank credit would fail. 'Local production for local consumption.' Who said it? Gandhiji.

PS: A local vernacular daily reported that a group of rich textile owners from Surat belonging to Warangal district are starting Rs.200 crore textile park in Manikonda to employ 2000 weavers.



These men 40 years ago left as youngmen from their villages for Surat 40 years ago in search of employment, now coming back to pay back, with upgraded technology. Reversal of migration I contemplated in 1976 has come true only after 4 decades.



Episode 5

The government sponsored poultry units of 55 birds under live stock production programme popularly known as LPP. Scheduled Caste members of Thammadapalli wanted dairy animals to which the SFDA and Animal Husbandry department did not agree because they were interested in poultry units because of direction from the central government. They argued that the graded animal may not survive in the local climate. Moreover to rear a graded animal the beneficiary needed training for which the department was not ready. So they had to accept the poultry scheme.

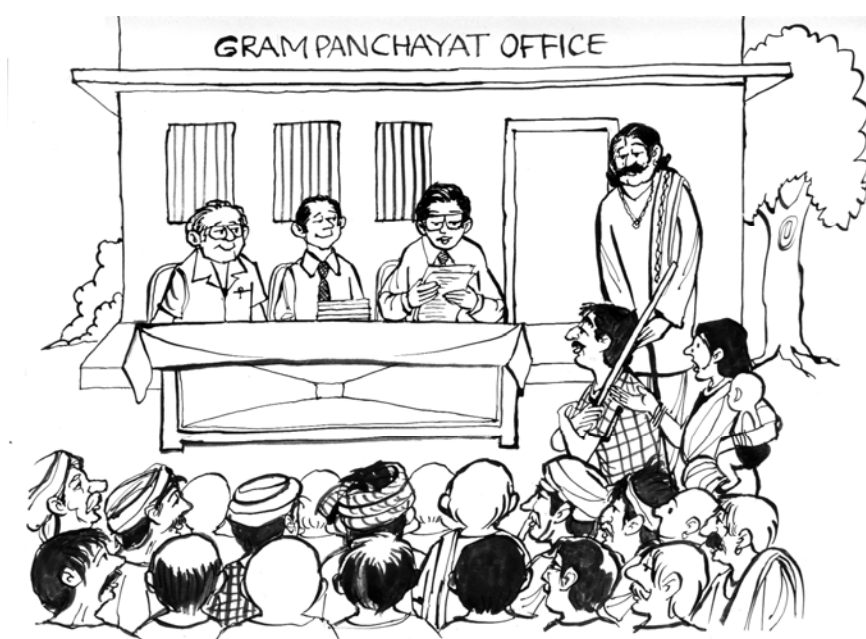
Later, KVIC approached the farmers to take up biogas plant with 25% subsidy from them as incentive. KVIC chose this village because of our bank's presence. A group of farmers approached

me for financing for biogas plant to biogas plant to whom the idea was sold by KVIC officers. They were ready to create simple mortgage in favour of the bank which, I thought, could be extended to all loans including crop loans they have been already availing from us. I took the opportunity to introduce graded animal through gobar gas scheme.



Episode 6

Next it was L.P.P. programme in villages-Joint Screening of applicants for a 55 bird poultry units for S/Cs and other weaker sections. Whichever may be the agency that gives subsidy, margins or credit the task of collection of applications fall on the village level worker who later was designated as V.D.O. – Village Development Officer under the block development officer (B.D.O.) of the *Samithi*. Today these posts are called Mandal Development Officer or MDO and VDOs. When our bank designed Village Vikas Kendras a new post was created. They were called cash collectors, an unimaginative title. Soon the name for the post was changed to agricultural assistant.

CREDIT CAMP

The list of beneficiaries was prepared in consultation of the *Sarpanch* and *Panchayati Raj* officials. The BDO was a smart officer. He had other targets to be achieved. One of them was vasectomy, a forceful campaign. The smart officer combined granting of loans from the bank. He excluded from the VDOs list all those who refused to undergo operation. This I came to know in the joint screening, when some poor people complained to me that their names were not included. I promised I would consider their cases at the end of the day's screening work. But their subsidy and margin money was linked to bank credit. I had to argue with the government official and got all eligible names are included. But

there was limitation for poultry units, and hence some other schemes had to be identified to be screened at a later date.

Slowly I was learning the politics of weaker sections finance. Because I was determined to overcome every kind of obstacles; I did not lose heart. On the positive side I had learnt a great deal about the conditions in the village both social and economic. Family planning was good for them but not good the way the programme was taken up. I had read literature on the concept of change agent. He has to achieve results in spite of bureaucracy by sheer charisma. He has to play several roles, - collaborator, re-educator, emancipator, diagnostician, information specialist, builder of teams, leavener, evaluator: The interviews in the villages were very rewarding.

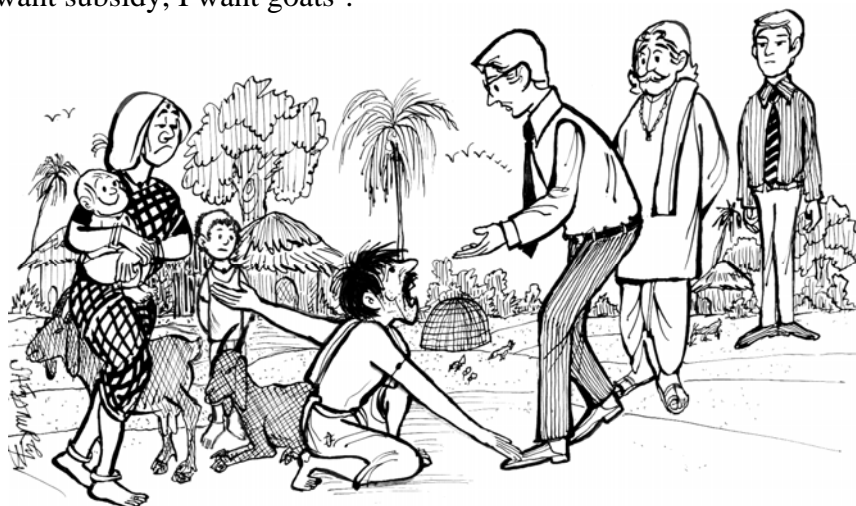
There was one, Ramu who did a somersault. 'I don't want birds, I want goats'. BDO sprung to action. He pushed Ramulu, told him to move out and called the next person. I had to stop him and told Ramu that he should meet me later. I made it my policy that no one should be denied credit even if he does not fit into any scheme.

The Deputy Director (Animal Husbandry) in the team told me that there was no subsidy for goats because RBI did not want to encourage loans to buy goats. When I asked for rationale some one quipped that 'goats were thieves'. They destroy plants and trees. Then *Sarpanch* came to the rescue of Ramu. He said he is going to buy the goats from some one in the village and the population of goats is not going make any change.

We completed the work of interviews and broke for lunch. When the government officials wanted to leave the place soon after lunch, I insisted that I must visit beneficiaries' homes. Birds need a decent place to live in the already poor hut. As we were inspecting the place next to their dwellings Ramu stopped me to show his hut.

'This is my house, this is my wife, and this is my son (10 year old) and these are the two goats I have he said.

'Give me 3 more goats. The boy can manage 5 goats, I don't have money to buy and give 3 more goats'. Some one said, 'you fool, you don't get subsidy'. His innocent reply was, 'I don't want subsidy, I want goats'.



I felt he was saying 'I want to live'. He added, 'my wife and myself go to work in fields of the farmers. This boy is wasted on two goats'.

In the year 1976 I did not think of the boy's education. Today we insist that he must go to school, but things in backward rural areas are no better even in 2010. Today the family would have migrated to far off places as construction workers. NREGS is an alternative in spite of all its malpractices the governments are struggling with.

Ramu came to the bank next day and got a loan of Rs.600 for 3 goats without subsidy or margin. He repaid with in a few

months. I left Ramu to his fate. There are thousands of such stories, which the bank Managers had tackled and took spot decisions in those days, on which there was no data available with banks.

Episode 7

Before I adopted the villages in 1974, we had a District Collector who was a conferred I.A.S., a very senior, belonging to *Yadav* community. He, with the help of an MLA who belonged to the same community, started about hundred occupational and caste based cooperative societies of shepherds in the district. There was thus RBI approved scheme of 20 ewes and ram economically viable and bankable especially for the weaker sections among shepherds.

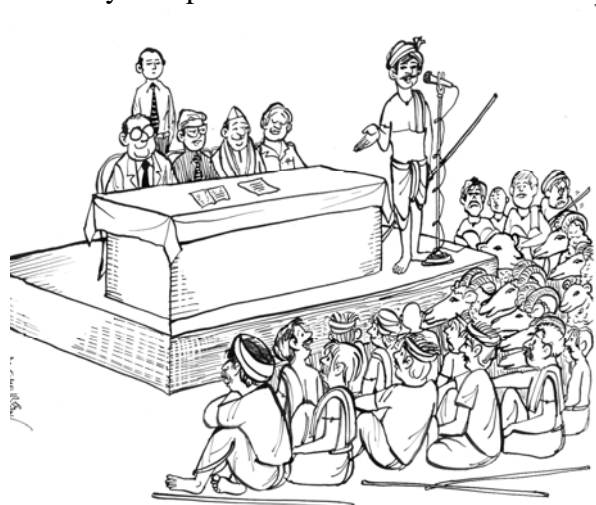
The scheme was meant for people from shepherd community, those who had no sheep and the person must belong to the community. Two villages 10 km away from the bank were allotted to my bank. The Collector wanted me to inaugurate the scheme.

I secured the services of my Bank's Agricultural Officer in Hyderabad for sanction and disbursement. The MLA arranged, for grand function in the village with the Collector as the chief guest. MLA made a political speech and the president and the community head of the predominantly shepherds village with no farming community, and a few piggeries and toddy tappers made speeches.

The head was also the richest shepherd, virtually controlling the entire village. Interestingly the whole stock of sheep had gathered along with the scantily dressed villagers for function.

It was a treat to my eye, as I never have had a panorama of sheep and shepherds, head-bending sheep and half naked shepherd and their typical dress code. It was quite an impressive display of

live-stock wealth. The stocks always move together as one entity from one field to another field and are reared and hired collectively. Who owns and how many is difficult to say. All the dignitaries including the chief guest, the District Collector had a group photograph, with sheep included. Both the bureaucrat and people's representatives exhorted the members of the society to make the best use of bank credit and prove their credit worthiness. Bank's Agricultural Officer then explained the salient features of the bankable scheme and the purpose of uplifting the poorest among them. The scheme was meant for those unfortunate members who did not own any sheep.



Such individuals should make separate application to the bank. So saying he sat down little imagining that he was throwing a bomb shell. The president of society sprang to his feet and said in a firm voice.

'It is a common saying that shepherds are fools. I am surprised that bankers are worse than us. I can't understand the wisdom in giving loan to fellow who has no sheep at all. (He

pointed to one particular person in the group). ‘His father gave 50 sheep to him and he has none today. My father gave me ten sheep and I have now two hundred sheep. Whom do you lend, me or that fellow who squanders? Sir, let me make it clear to all here, give us Rs.50,000/- and leave it to us the task of distribution. We will repay in full with interest.’ ‘Don’t split the community. Give the loan on our terms’.

Then I insisted that the bank would like to know where they are going to buy the additional flock and that they have to buy from Nellore breed only. The president did not like the idea. He defended that Nellore variety would not survive in their place. Then we came down to purchase of Rams, at least dozen of them. The ewes could be bought locally. The MLA played his politics and finally we yielded and gave Rs.50,000/- which they repaid promptly after two years, economic uplift of the weaker lot was left to the society’s leaders and elders. I have no data about the upliftment of the poor.

A villager from another community confided with me that the money was used for money lending and that was how income was generated.

One more society we financed on similar lines from where recovery became a Herculean task and it was outstanding for years.

Episode 8

In 1976 I turned my attention to the urban poor in this semi-urban centre after 1975’s thrust given by the government to the so called informal sector which employs largest number of people who largely borrow money from the private money lenders. The Sivaraman Committee on informal sector observed.. ‘Innumerable small farmers, marginal farmers, artisans, small retail traders, petty

vendors, hawkers, vegetable and fruit vendors and a host of self employed persons, is peculiar to a vastly populated country like ours'. There was another report by a banker – Thakkar Committee Report who looked at bank credit to the informal sector. Banks started special cells with field staff and simplified procedures and appraisal by means of schemes and simplified documentation.

It was a run-a-way success in attracting the small people who had been accustomed to borrow at 30 to 40% interest rate. The money lenders, I found, were the richer among them who had grown by their own enterprising qualities in course of time. They exploited the small fish in their own trade eg. vegetable and fruit vendor and street hawkers.



They lend and collect the installments back on a daily basis. Their recovery was always almost 100%. The field staff introduced by the bank brought to bank wealth of information and the complex nature of the strangle-hold on the poor people. The money lenders felt threatened by banks entering their domain with 4% interest. We had also found that these enterprising middlemen-

money lenders were under the control of the office bearers of the association of petty traders.

I was aware of the system of Multani micro lending. These Multani Association of money lenders in the cities like Bombay were discounting hundis (clean) with banks as refinance. Today we find MFIs getting a line of credit from banks.

The purpose of Nationalization of banks was to eliminate these middlemen and lend directly to the each individual. We have a name for it now – Financial Inclusion.

The small borrower cell was inaugurated by the District Collector who became our spokesperson for the initiatives we had taken. The popularity of the bank grew by leaps and bounds.

The Collector, one day, requested me to come to his office and put a proposal before me. ‘Look Mr.Rao, I have received Rs.50,000/- from Social Welfare department to be used for releasing bonded labour. Each released labourer is to be given Rs.1000/- to rehabilitate himself. We have decided to give them one cycle-rickshaw instead of cash. But these people must cultivate thrift habit. I want your bank open Savings Bank accounts and let your field staff collect everyday a small amount and credit into their accounts’. I said, ‘Our field staff collects only the loan installments and not savings for which I need permission from higher authorities.’ ‘But I have a suggestion to make. I shall give them loan for buying cycle rickshaws and the field staff would collect the installments on a daily or weakly basis. The administration may deposit Rs. 1000/- each in the savings account or fixed deposit. The beneficiaries will be allowed and be entitled for the amounts when the loan amount is fully recovered! The section head who was also present in the chamber of the Collector was prompt to tell us that the rules did not permit. There would be audit objection, he said.



The Collector was sold to the idea. He told the Assistant that he would take care of the audit objection and that they would put through the novel scheme. The collector had his target achieved and the bank got a bulk deposit and weaker section target accomplished. On January 26th 1977 the scheme was launched with fan fare. I don't know if there was an audit issue for the Collector but the bank inspector felt that the Manager had exceeded his authority! Spot and novel decisions could put the bank Manager in a spot!

Episode 9

During my joint screening I found that many small and marginal farmers applied for purchase of plough bullocks. After

some negotiation with the government and the beneficiaries I changed these applications into loans for digging new wells and deepening the existing because I was advised by ARDC officers not to encourage plough bullocks loans.

My strategy was to combine village adoption financing agriculture, allied activities, and government sponsored schemes and formulate a project under ARDC (Agricultural Re-finance and Development Corporation) which later became NABARD because that would validate my efforts and ensure transparency. For the ARDC to approve the minor irrigation schemes would require Ground Water department clearance and the same was not forthcoming. The applications were sanctioned in all other aspects in one village – Konachalam and ready for disbursement. I was planning to visit Ground Water department office in Hyderabad to get the clearance. Visiting officers and chasing papers had become part of my routine. If this was cleared then REC (Rural Electrification Corporation) would do their part to electrify the adopted villages.

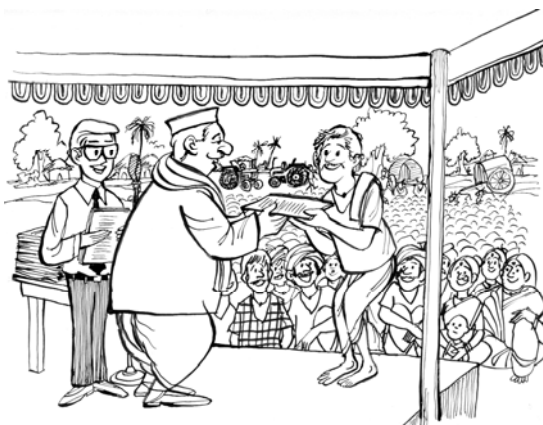
As I was wondering what to do, a phone call came from the Project Officer, SFDA (Small Farmers Development Agency) with a request to bail him out. This was not first time he asked for my help. A few days before the Secretary Mr.Sankaran (who passed away recently) of Social Welfare department came to the place to visit a village adopted by SBI to inspect the common well of dalit families. It was a Sunday and SBI Manager was not in town. SFDA officer who had to take Mr.Sankaran to the village wanted me to accompany him, which I did. I requested Mr.Sankaran to visit our villages but it did not happen. On another occasion this was the Cabinet Minister, Rural Development was visiting the place and a loan mela was to be organized. In those days these were known as credit camps. At that time Congress party was ruling in the State and Janatha Party at the Centre. The Congress

must prove that they were pro-poor. An ex-communist, the minister was known for his integrity and I knew it. Hence I wanted to cooperate. But there was a hitch. The village I chose was having a Communist *Sarpanch* and it was also much more interior than other villages and there were no motorable roads. Only a petrol jeep can take us to the place. BDO was adamant. I was helpless because me and the Collector decided that in these camps only processed applications should be considered. It appeared the minister himself welcomed my suggestion. Still the Ground Water department clearance was must for the sanction.

I traveled to Hyderabad in SFDA vehicle and contacted Ground Water department and sorted out the issue which is the next episode. For now, about the loan mela which had given tremendous fillip and reinforcement to me and my bank, first I had to clear the doubts of the BDO who was apprehensive that the *Sarpanch* with Communist background would not cooperate.

I contacted the Konachalam *Sarpanch* and requested him to reassure the BDO. The *Sarpanch* told me that in the history of the village not even a District Collector had ever visited it. If a Cabinet Minister were to visit, he could not do otherwise than make the occasion memorable.

He did justice to his promise. About 3000 people gathered. Neighbouring village rich farmers came in tractors and bullock carts in large numbers. The minister and his retinue were delighted to see the



grand reception. The dais was arranged and further a seat was provided to me which I refused because I thought it not wise to share the stage meant to be a political meeting.

The meeting started promptly with the welcome address by the *Sarpanch*. He did not mince the words: ‘Minister is here because of the Bank Manager...’ The Congress MLA took credit for Congress and Indira Gandhi who nationalized the banks. Then the minister stood to speak. He was not allowed to proceed because they wanted the Bank Manager to speak before him. I declined at first but the minister had to persuade me to speak; otherwise he said he may not be able to speak. I yielded and was very brief asking the crowds to make the bank Nationalization a success by making best use of money borrowed and repay in time. Then the minister spoke and the speech was most memorable to me. He said: ‘I have never seen such expression of gratitude to a Bank Manager in my entire political career. I wish other Bank Managers emulate his example. I wish all Bank Managers visit this block and see for themselves the exemplary work done by this service-minded banker’. He added in typical politician’s style that ‘if the Bank Manager were to contest for elections, his opponents would lose their deposits.’ He was quick to add that may not be interested in politics. Later on, I was told, this minister spread my name and my banks name wherever he went in the state.

Episode 10

Jagadishwaraiah, a coconut merchant doing business next to the bank’s premises had a Recurring Deposit which matured. After taking cash of the principal amount he asked me to remit the interest to Lord Venkateswara of Tirupati. He agreed to my suggestion that he would get equal amount of *punya* if he donates it to the poor. I told him that there were some poor *rickshaw wallahs*

who are very prompt in repaying their installments for the loans obtained from the bank. 'The coming season being summer' I said, 'I will spend the interest amount on buying sun-hats and present them.' He readily agreed and I made Jagadishwaraiah to present the hats to the prompt borrowers in an impressive meeting with staff and a few customers. I sent a press release to the District Public Relation Officer who got the news item published in the State level vernacular daily.



Jagadishwaraiah was thrilled to find his name in the newspaper. He came running with the newspaper and said that the Lord was pleased. But a few other traders around the bank were not so pleased. They complained to me that I was being partial. I promised the aggrieved customer that they would get their turn. But there was one big customer who threw a cheque on my table and asked me to spend on the poor borrowers. I had to refuse the offer telling him that my intention was to see that the donors do it themselves as partners in the schemes for poverty alleviation and self employment. While our bank was gaining popularity with the

have-nots, the well to-do were under the impression that banks were throwing their money to the poor for whom they had nothing but contempt. I, used those occasions to address both the rich and the poor explaining banks intention.

Episode 11

Rickshaw loans were given only for brand new rickshaws, by making payment to the dealer. But I had to deviate from the rule in the case of Sayalu who has been plying in the city for a few years a used rickshaw not for passengers but for carrying vegetables to the market. He approached our field staff who denied



credit for second hand rickshaw. He wanted to buy the rickshaw which he had taken on hire basis.

He came to the bank and directly requested me to consider a loan for Rs.500 to enable him to buy the same vehicle and he would pay Rs.2/- per day to the bank and

clear it in less than a year. I allowed the loan outside the schematic lending. He brought the owner to the bank to receive Rs.400/- and the balance he kept for repairs.

He repaid the loan within 6 months but continued to remit into his S/B account and went on accumulating the savings up to Rs.2000/-. We did not notice it till he came to me with a new request. This time it was a much bigger test for us. He wanted a loan of Rs.2000/- to buy back his land which he sold and migrated to the city. I was actually delighted at the prospect. This was the unarticulated aim of rural development. Those who migrate to the cities and towns because life was unbearable in the villages must

eventually go back to where they belong-to the land and cultivation. I had powers up to Rs.8000/- to lend for unsecured advances temporarily but the purpose was long term. He would not be able to repay in the near future and there was no scheme for buying the land. It was also cumbersome to verify the transaction which involved going to a place which was not one adopted village. Both my joint Manager and me agreed to give because of the honesty of the hardworking poor fellow.

We told Sayalu to bring back the sale deed after registration and keep it in the bank. After a week Sayalu came back deposited the entire money because the deal was not struck. The price was too much. So, he reconciled himself to carry on as second hand cargo rickshaw rider. By coincidence about the same time the Director Social Welfare Department Hyderabad visited our branch to compliment us on various schemes we had taken up. I told her Sayalu's story when she (Director) asked me to send a photo of Sayalu with Rickshaw.



We obtained and sent a copy to her in Hyderabad. The Department runs a magazine titled 'Andhra Pradesh' in which the Sayalu story with the photo was published. As a Manager I came close to the conditions of poverty and diverse nature of its faces. We can't design bankable schemes for

everyone. Only Managers should use discretion with courage and compassion.

Episode 12

Narasamma, vegetable vendor who was regularly borrowing Rs.300 at one time repaying in 90 days, approached the bank for a loan of Rs.,1000/- after about a year.



The staff found no rationale in asking for such a jump when her operations did not warrant the Rs.1000/-. Then she approached the peon to convince the Manager about her honesty and that she would repay in one year. When the matter came to me I asked the

peon to go to her house and find out her living conditions and the real reason for the increased loan amount. The bank staff was concerned about the place of business and not any other details. There was no KYC in 1970s. He came back to tell me that they were not very poor people and that they live in a tiled house which was badly damaged and she was asking money for repairs to the house. He felt he was the only earning member. We did grant her loan for 20 months duration as per the scheme. The inspector could not find out any irregularity.

It was difficult to separate the productive needs and the consumption needs in poor families, urban or rural. Total needs based on repaying, capacity with longer period for repayment. The honesty can be presumed. That is what a benevolent banker does.

Episode 13

Cheralu was one of the cycle rickshaw borrowers from a neighbouring rural area belonging to S/C category. He was one of those who was rewarded with sun-hat by the coconut vendor for his promptness. He approached the bank during the tenure of loan for an additional loan of Rs.200/- for repairs. We had no scheme for contingencies. After the interview with him the bank peon came and told me that the real reason was daughter's marriage. I called him back and gave the loan under the newly introduced Consumption Loan scheme. He then, had to pay daily Rs.3/- in place of Rs. 2/- installment to which he agreed. Had the bank not given the additional loan he would have had to beg, borrow or steal' as the phrase goes. He might even sell the asset. Marriage is sacrosanct to all, for the poor man it is much more.

What is most interesting was that the fellow came to bank and paid in full the second loan with in a couple of days after the wedding. He received cash presents, part of which was enough to repay.

These small events made all the staff members share the same values I cherished. It is better to trust and be cheated, than not trust at all. (Johnson)

Episode 14

One day the peon told me that Krishna who borrowed to buy new cycle Rickshaw was seen plying an old one. Obviously he sold off the new one and was plying a hired one, we thought. I asked the peon to catch him and bring him to the bank. The staff interrogated him and extracted a promise that he would pay off the entire loan or else he would be handed over to police.



Caught in the MIRE

M – Miserable

I – In deep debt

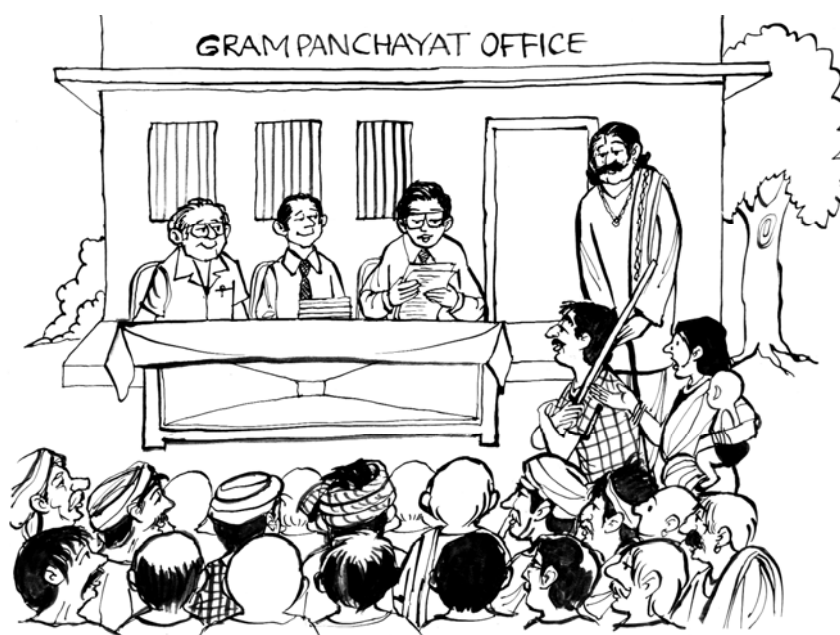
R – Recurring medical expenses

E – Emaciated state

It was only a threat but they thought that the truth will come out. One of the field staff members accompanied him to find out his home and living conditions to report to me. They came back to me saying it was a gone case. ‘We can forget about the loan recovery and the man. He has a sick wife, bed-ridden and an invalid sister. He was the only earning member in the family. He had sold the rickshaw for medical expenses. No two cases are similar. It is for such cases that Credit Guarantee scheme is required. We have to-day, health and medical expenses schemes and many other government schemes.

Episode 15

In course of L.P.P. identification and credit camp I often came across cases like this one. The camp used to be conducted in the open. Everybody knows everybody’s problems. There is no secrecy in villages. I used to summon the entire family to the extent possible. After clearing a few applications one fellow burst out; I have changed my mind. Don’t ask me questions. I want a loan of Rs.2500/-.



I will repay without fail. We are a family of honest people. Give me cash; the government officials asked him to step aside and make way for the next man. It was always men we were considering, not women. But in these camps wives accompanied men. Now it was the turn of the wife to appeal to me. She said Rs.2000/- is enough. 'We spend Rs.500/- for deepening the well. One of our bullocks is dead. We will sell it off and buy a pair. We buy a bag of urea.' After a minute the man adds 'I have to repay a few hand loans'. This is the reality – ground reality. No one scheme will fit all of them. The family was already mired in poverty and indebtedness. No single scheme is going to get the family out of the rut. The poor man, always, had been borrowing. At any point of time he was indebted before he came to the bank.

* * * * *



Case 6 – Narratives – GP (Episodes 1 to 9)

Episode 1

I was posted as a Branch Manager in a small Rural Branch during the period of post Nationalization of banks.

Within a week of my joining duty an aged man, who was a small borrower from one of the adopted villages of the bank approached for a loan limit of Rs.500/- for duck-rearing purpose under DRI scheme.

When I enquired about him, I came to know that he had borrowed previously for 5-6 times with a loan limit of Rs.500/-. Knowing his promptness in repayments, I insisted that he should get a loan limit of Rs.1000/- so that he would raise his income for the family, but this great man refused to accept the offer for fear of default. At last, he availed the loan limit of Rs.500/- and continued with his prompt repayments.



One morning, before opening of the bank, a young man, son of the borrower, conveyed the news of death of the father and wanted to settle the balance amount in the loan account (i.e. about Rs.250/-) before the funeral function. His son conveyed that his

father should not be a defaulter to the bank and the message of the defaulter would spread in the village and spoil their family name. He has settled the balance amount and took the counter-foil and showed it to his villagers for evidence of 'no dues.'

The entire staff members paid tributes to this old man, by participating in the funeral. *This message spread throughout the village and the bank got very good name and prominence.*

Episode 2

Sincerity is remembered by farmers and poor villagers.

Here is an incident; but an astonishing one. When I was Branch Manager in a rural branch I had extended all help to village farmers and small business people.

After three decades of service in the bank I had just entered a temple with my family members one evening at about 6 pm. I approached the nearby shop keeper and requested



him to look after footwear of my family members.

Without looking at my face the shopkeeper was telling that he had heard the voice which was familiar to him.

Immediately he recognised me and showed all out help as he has grown from a small street *vendor* to a big *shopkeeper/owner* because of the help extended by me and staff three decades back.

Street Vendor to Shop Owner

Episode 3

In the early period, no bank had any specific schemes for agricultural sector as feared default. But most of the villagers treated the Branch Manager as a friend, philosopher and guide since the Branch Manager alone could sanction loan and release the funds in time.



Timely assistance' gained importance among villagers.

When a farmer approached the bank for a loan amount of Rs.5000/- for laying the pipe line for lifting the water through his neighbour's land, the Regional authorities instructed the branch that there was no scheme for this purpose. In order to save the standing crops as a *permanent solution*, the branch considered the loan amount and helped the farmer for laying the pipe line for lifting the water for irrigation and the scheme was implemented, later on various agricultural schemes for lending purpose were formulated, one among which was minor irrigation. The bold and timely action of the Branch Manager was appreciated by district

authorities and farmers from all villages. Rules have to be bent to serve people. Rules may not be violated but timely actions with utmost honesty gained good-will among rural masses. Branch Manager and staff are always respected when they visit the villages after two or three decades. There is no need to restrict the lending activities by quoting prescribed rules/sections.



Episode 4

‘A friend in need, is a friend indeed’- is true. The timely assistance plays a great role and creates a psychological effect among all sorts of borrowers in a village where a bank’s branch functions with devoted, sincere, honest and hard working staff members. No rigid rules or bank’s procedure, or book of instructions are to be effectively followed except playing sympathetic role or with a customer sense in all developmental activities.

A *dalit*, a very small borrower, with half acre land holding, with little primary education, approached me one day at the bank after *office hours* i.e. after 5pm and requested me to sanction a loan amount of Rs.500/- without any NOC certificate from Primary Co-operative society and other documents relating to the land holding for planting paddy. The period of transplanting was over and the plants in the nursery would not sustain for transplanting, if delayed.

Noting the urgency of the small farmer in the village, a crop loan amount of Rs.500/- was sanctioned on the next day, out of sympathy and need and the amount was given in full, as cash against instructions. After a gap of 3 months, the borrower came to the bank in the evening and conveyed the happiness about the yield of paddy in his land and settled the loan amount in full. He was so grateful to the bank and spread the message to all farmers that the bank was so helpful if all are honest in repayments and the customer was a good ambassador for the bank. The timely assistance is an important message to all the bankers serving in the rural areas.

An experienced and aged District Co-ordinator told the farmer that the banker was the only person who could lend on the spot; others were following lengthy and unwanted procedures.



It is a great lesson that all staff members learnt. After two or three decades of service, each member of the staff had occupied the executive position in the bank/other banks.

Timely help and devoted service never go waste/in one's life and always "learn to treat others in the same way you would want them to treat you".

Episode 5

On 28th April, 1978 at about 1.45 pm, at the closing time of business hours two persons entered the premises and requested the cashier to exchange cut-notes of ten rupees. As usual the dedicated cashier of the branch requested them to join the cut notes by offering gum. Within a short time one of them pretended to offer pasted cut notes to the cashier. But he pulled out a big and long knife and threatened the cashier and asked him to hand over the entire cash lying with him. The cashier quickly closed cash drawer and that time the second person inside the premises took out his revolver and threatened all the staff to raise their hands.



The cashier was threatened at knife point by the other standing at the cash counter but no one reacted to their threats. They were very much upset and the person with the revolver fired one round which hit the abdomen of the sub-staff (peon) and tried to escape from the premises. But in a *swift action*, lifted the chair

and hit the gunman forcibly. He tried to escape along with the third person who was waiting outside on a motor cycle. The villagers caught them with the help of the bank staff. A passerby who helped in catching the dacoits was stabbed in the back. Subsequently with the help of villagers' both the injured were admitted in the hospital and they recovered. The Bank and police honoured the bank staff for their bravery, protection of money and customers' jewels.



The bank staff must always be alert and agile and must identify a customer from a stranger; vigilance is the key.

Episode 6

Generally in rural areas the farmers, artisans, labourers, small business people have the tendency of making payments to the cooperative society, banks as a *second option* (second priority) for self needs/requirements, when money comes to their hand after

the harvest. If they want to make payment to the bank, they want an assurance/guarantee. Bankers supposed to sanction the loan immediately.

This had been the tendency for long before Nationalization of banks.

In one of the rural branches we suffered a lot because of more than 60% to 70% bad debts. The farmers were not *aware* of the advantage of bank (loans); did not know how to utilize the services. A few farmers were also *dodging* useful defaulters.

One day, a leading farmer enquired about the small machine kept in the bank i.e. the ultra violet machine that was kept for detecting alterations and forgery of cheques and drafts. I explained the use of the machine.



But (mischievous) staff members told a farmer that the machine was installed at the branch in order to find out the 'truth' from the village borrowers (lie detecting machine) who availed the loans. They said, 'if the machine shows white light, the customer is honest' if blue (ultra violet) comes out, the farmers are telling lies about crops, money realised etc.

The farmer was afraid and spread the wrong message in the villages in bank's area about the '*Truth Finding Machine*'

All defaulters realized the truth and started making payments. The recovery was more than 90% and had its own effect. The false 'threat' rectified, the people responded admirably.

The staff learnt a lesson and started responding honestly, sympathetically and genuinely.

Episode 7

The so called ‘prudent banker’, an experienced *metro* banker who always entertained negative thoughts, a hatred (probably) for the destitute human beings who are suffering their past *karma*.

He had no kindness without which you cannot play any role in rural areas. It is virtual antipathy he suffered from. In addition, his competence in decision making was in question. With the result the rural people, farmers, businessmen and self-employed were vexed with the man.

The branch was on the verge of closing. However, a few of the farmers did not stop coming to the bank. A leading farmer approached the ‘prudent’ Manager for a crop loan. The clever and evasive Manager devised a novel way to reject the loan application.

He asked the farmer to have a close look at his face and tell him which of his two eyes is artificial and which one is the natural eye. If the farmer succeeds in answering correctly, he would get the loan! Perhaps the Manager did not calculate the risk he was taking.

The already vexed farmer told the surprised Manager correctly that the Manager’s right eye was artificial for he did not see any life in it. But more was to come. He told the unhelpful Manager that his left eye, is reddish, and reveals unsympathetic nature of the man.



The Manager kept his word and told the farmer that he was prepared to sanction the loan. But the farmer was not prepared to take it!

Episode 8

A branch in Tamil Nadu on the border of A.P was serving villagers of both states. One leading farmer from across the border wanted to deposit harvest proceeds in the branch. Those were the days when it was difficult even to get a deposit of Rs.5000. The man made many enquiries to ensure the safety of the money and liquidity i.e. prompt withdrawal of money deposited. Banker used to think of trusting the villagers. But villagers had their doubts about the solvency of banks.

The Branch Manager and staff visited his house and found him to be a very wealthy person and highly respected in the village. The visit paid dividends.



The man brought a basket of mangoes to the branch next day at 3p.m and handed it to the cashier. Beneath mangoes there were bundles of cash! After receiving the deposit receipt the farmer-asked whether he could withdraw the next day! Assurance was not enough. He could probably test the bank. The bank had to keep sufficient cash balance always for such contingencies.

Episode 9

Purpose of Nationalization, as we all know, was to raise the standard of living of rural poor with bank credit. In spite of the laudable intentions the benefits of government initiatives were not reaching the poor.

Hundreds of loans for the purchase of buffalos were given with 25% subsidy from government agencies with a tie-up arrangement and resulted in hundred percent recoveries. Every body was happy. But nature can play truant spoiling man's designs. Draught during summer made it difficult to procure the

feed for the animals and food for the farmers. The Manager summoned his staff and brainstormed solutions to meet the crisis which he saw as his own and his banks and his staff's. There was unanimous decision-grant a term loan of Rs.500/- to buy fodder/grains from outside (1981/82). That saved the lives of animals and their owners. The branch also arranged for whole sale grain supply so that the poor man and poor animals were saved.



Leading from the front (Action)



Leading by consensus

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Case 7 – Narratives – GKR

I had an opportunity to work in Shadnagar as an Accountant where the Manager was an Agriculture officer. I used to go for post-sanction inspection to the fields of farmers.

Although the bank financed for paddy and other crops, the farmers used to grow-mosambi, guava, and mangoes to a limited extent. Our bank did not have any scheme for horticulture at that time. I discussed the matter with the Manager and we began financing for horticulture under known schemes like land development. This deviation helped us develop good business.

In 1980 I was transferred to a rural branch in a backward district as Branch Manager. By this time the bank had a scheme for horticulture. I adopted just four villages and took complete responsibility of servicing them by identifying the needs of both the rich and the poor. I educated and motivated the progressive farmers to take up horticulture keeping in mind the climate and water scarcity of the area. I used my Agricultural Officer for it and clubbed it with my own exposure to it in Shadnagar area.

Along with rich farmers, I encouraged small farmers who were hard working and sincere. These farmers could reap good returns and some of them even bought wet land under tank irrigation.

I had also an obligation to finance weaker section under DRI-for piggery and other sponsored schemes. This helped the branch make profit because head office paid the branch the difference in interest for normal advances. I took initiative and prepared the list of DRDA beneficiaries in my four villages and asked government agency to go by it. They were happy to accept it.

I ignored my superior's unusual restriction on my freedom. I do not wish to speak about it beyond this. My business in 1980 crossed 1 crore. I was transferred to Kolkatta as a punishment without reason. I had to leave the place abruptly without formal handing over charge to the next Manager. At the intervention of the Officers Association I got a posting to Cuttack.

There I was given the task of setting house keeping work that was in arrears for six years. I cleared it in 3 months. Then I was asked to go to Rourkela and take up house keeping - pending for 12 years. I resisted the posting but the zonal head persuaded me to take up the work but I put some conditions. A few staff members were suspended for malpractices without whose help I could not clear the arrears of work. I called the erring staff to the guest house where I was staying and told them that if they promise to help me in clearing the arrears, I would try and get lesser punishment for them. I had received help from employees union also. I made the zonal head accept my proposal and enquiries were conducted and completed as I desired. It took me just 4 months to complete the task and in return I bargained for a transfer to my native state. I was looking forward for retirement so that I could go back to my native village and start *horticulture*. Some jealous officials in the bank, tried to tarnish my image but they could not because I always honest and asserted my rights.

Now even after 13 years of my retirement, I represent the association of horticulturists in Mahboobnagar district. I must thank the bank for whatever I am now. I arrange meetings and invite agricultural scientists to discuss with farmers their problems and suggest solutions.

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