

DELEGATION OF LENDING POWERS IN'T BANK'

In this chapter, an attempt has been made to examine the extent and magnitude of delegation of lending powers in respect of bank coded 'T' Bank. As usual, the identity of the bank is kept confidential. In Section I, the structural, functional profile of the bank, based on the current year's data has been given. The current year is taken as 1985 and base year is 1977 as only data of <sup>only</sup> ~~three~~ years was made available to us. In other words, the period covered here is definitely longer than previous banks. While Section II covers detailed analysis of delegated powers of different Decision Centres (functionaries). Section III contains extent and magnitude of lending powers of all the decision centres.

SECTION - IA BRIEF PROFILE OF THE BANK

This is another Bombay based leading public sector bank of the country having unique pattern of ownership. It does not fall into category of 20 nationalised banks. It has played major role in India's policy of taking banking to the rural areas and supporting the 'green revolution' as well as providing employment to large number of people. As per the journal "Banker"(London)\* it is ranked 209 among the top banks of the world. The ranking is based on soundness of the bank (capital asset ratio), profitability (Total profits before tax and pre-tax return on shareholders funds), performance (real profits' growth after adjusting for inflation and size (total assets and

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\* The Economic Times (Bombay dated 8.7.89)

total staff). The second largest Indian bank is ranked 554 among top ranking banks of the world.

During current year this bank has 7537 offices in the country and 40 offices outside the country. Out of these offices, 699 were located at metropolitan areas, 1046 at urban areas, 2122 semi-urban areas and 3670 at rural areas, respectively.

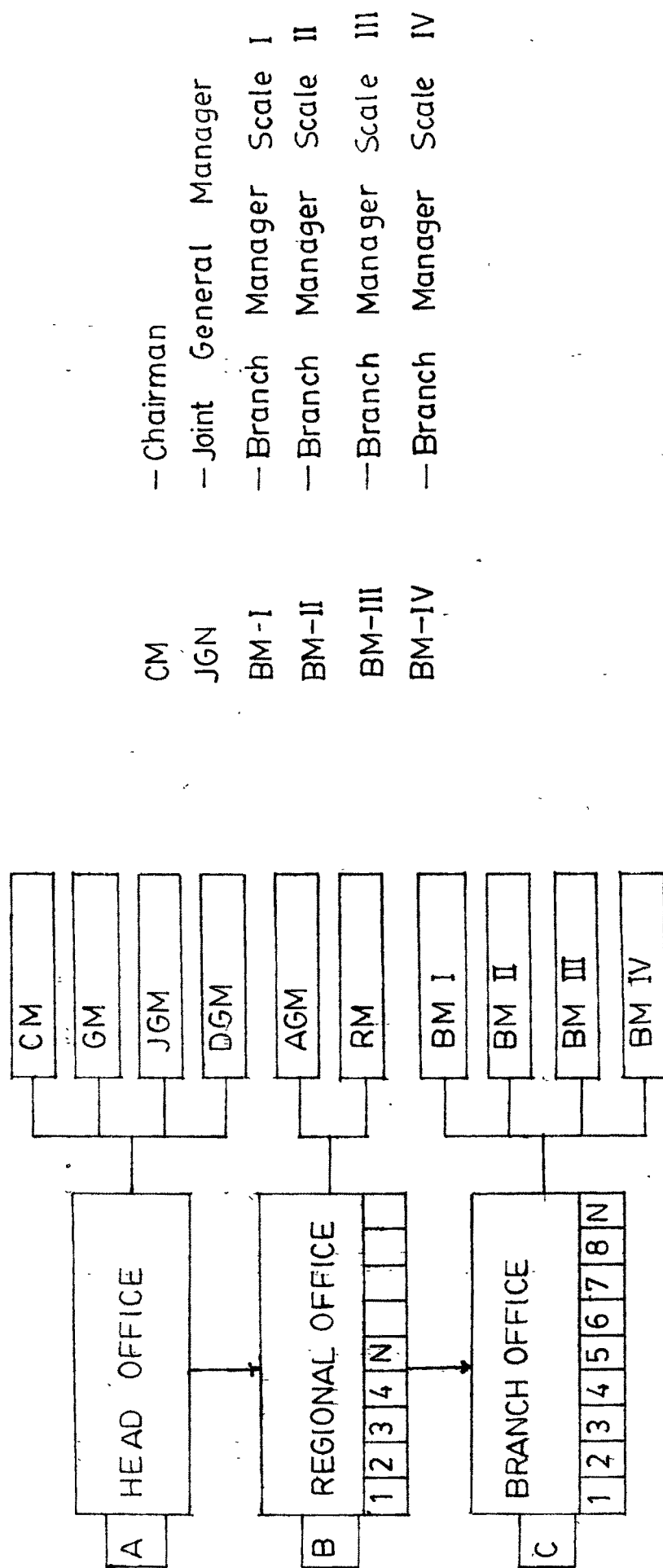
During the same year, the total staff strength of the bank was 212083 comprising 54,288 offices, 1,12,608 clerks and 45,187 subordinates. This bank has achieved remarkable progress in several aspects, which is depicted in Table 6.1 below.

**Table : 6.1**                      **PROFILE OF 'T' BANK**

Profile Variably Parameters.	Base Year (Rs.in Lakh)	Current Year (Rs.in Lakh)	Change in current year over base year	
			(Rs.in Lakh)	%
1 Equity	563	15,000	14,437	2564.29
2 Reserves	32,011	73,931	41,920	130.95
3 Deposits	17,13,320	29,22,939	12,09,619	70.60
4 Working Funds	21,93,050	42,11,587	20,18,537	92.04
5 Total Assets	26,51,671	48,38,082	21,86,411	82.45
6 Total Advances	11,75,897	20,67,685	8,91,788	75.83
7 Total Income	1,86,452	3,60,894	1,74,442	93.55
8 Spread	37,296	77,771	40,475	108.52
9 Total Exp.	1,84,078	3,56,343	1,72,265	93.58
10 Net Profit	2,375	4,551	2,176	91.62

Source : Financial statements of 'T Bank' and 'Financial Analysis of Banks, 1983, 1987.

**FIGURE 6:1**  
INTERNAL ORGANISATION OF 'UBANK' DEPICTING FUNCTIONARY LOCATION  
IN LENDING POWERS



As is evident from the Table, this bank has achieved unparalleled growth in its equity i.e. 2564.29 per cent during the current year as compared to the base year. Similarly it has made good progress in reserves, spread, total income and working funds. It's progress in the field of total advances, deposits accretion, total assets and even in net profit is rather tardy.

#### ORGANISATION AND DECISION CENTRES

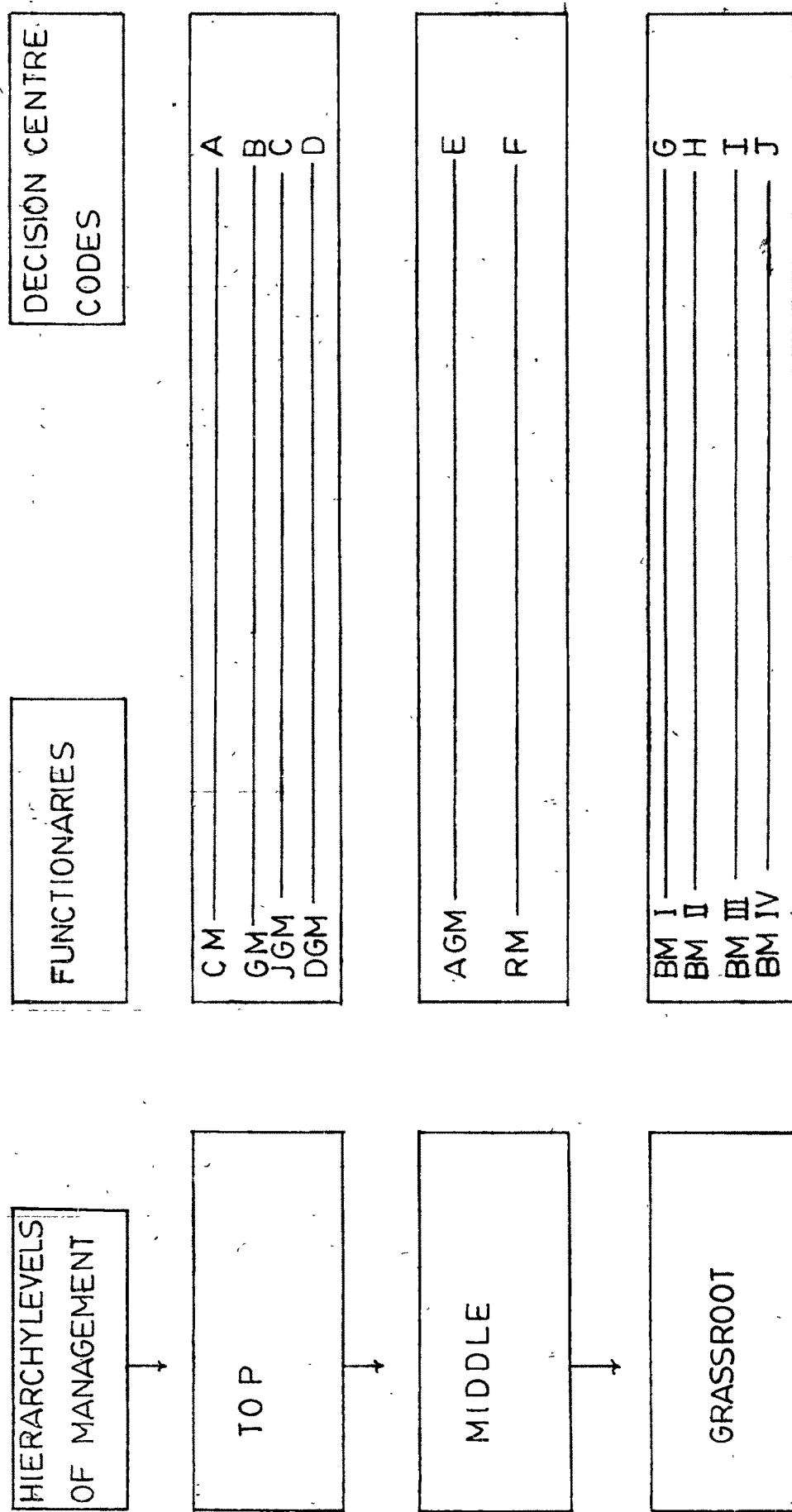
Just like its ownership pattern, its internal organisation is also unique among Indian banks. For the purpose of maintaining secrecy about the identity of this bank, its internal organisation is not provided <sup>depicting all functionaries</sup> and illustrated separately through Figures, as was done in cases of previous banks.

In general terms, it can be stated that this bank has four tier structure but for the purpose of comparative analysis, we have taken the same three levels of management i.e. top management, middle level management and grass root level of management. Each functionary from top ranking to the lowest at bottom is given decision codes from 'A' to 'G'. The MDLPs of 'A' do not represent the highest executive of the bank, as data was not made available to us regarding lending powers of the highest executive of the bank. This was unique power chart <sup>supplied to us</sup> where MDLPs of all the functionaries is not displayed.

In this bank also, the lending powers of different functionaries are based on security of the borrower. Figure 6.3 shows MDLPs

**FIGURE 6:2**

**DECISION CENTERS IN 'J' BANK' FOR EXERCISING MDLP<sub>5</sub> CLASSIFIED INTO HIERARCHY LEVELS IN DESCENDING ORDER.**



for five main types of security based advances as shown below.

FIGURE 6.3

No.	Category of Advances	Components of Advances
1.	Unsecured	include advances against shares of limited companies and life policies.
2.	Secured	include advances against pledge or hypothecation of goods, machinery, equipments, mortgage, documents of title to goods.
3.	Discounting & Purchase of Bills/Cheques	include advances against bills include purchase/discount of bills and cash credit/overdraft against bills under collection. This includes bills accompanied by RR/consignment notes of approved transport operators and receipted delivery challans of approved customers.
4.	Letters of Credit.	include letters of credit for composite for clean and documentary letter of credit for BMs of special branches, clean and Documentary: Demand and usance: Revolving and Non-Revolving Letters of Credit.
5.	Guarantees	excludes ordinary guarantees, where full cover is taken in the form of (a) Cash deposits (b) lien on credit balances.

(c) Specified security (d) lien on drawing powers (e) counter guarantee for central/state government and first class banks identified from time to time.

(FIGURE CONCLUDED)

The branch structure of this bank is also peculiar, which is described below :

- |                       |   |
|-----------------------|---|
| 'A' Category Branches | Where the BM's post is an officer SMG Scale IV or where BM's post is an officer MMG Scale III incumbency.         |
| 'B' Category Branches | Where BM's post is an officer MMG Scale III.  |
| 'C' Category Branches | Where BM's post is an officer MMG Scale II.   |
| 'D' Category Branches | Where BM's post is an officer JMG Scale I, the branch not being a village branch or simplified Accounting Branch. |
| 'E' Category Branches | Where BM's post is an officer JMG Scale I, the branch being a village branch or a simplified Accounting Branch.   |

It should be noted that under revised scheme, a BM may have powers of one category for advance in one market segment and of different category of advances in another market segment.

In order to meet special needs of a particular type of (segment) borrower, separate sets of powers have been prescribed, for various categories of branches position in respect of different market (borrower) segments.

With this background, it is now proposed to analyse MDLPs for each of the seven Decision Centres representing functionaries of this bank engaged in lending function in Section II of this chapter.



SECTION - IIANALYSIS OF DELEGATED LENDING POWERS AT DECISION CENTRES

Having described the profile and growth of the bank and organisational aspects, we now shift to Section II, where lending powers of all the main functionaries (henceforth called Decision Centres) has been analysed at two points or time i.e. base year and current year. Their lending powers are referred as maximum delegated lending powers (MDLPs). We now begin to analyse the MDLPs of the highest Decision Centres, whose data is available with us.

Table : 6.2 MDLPs AT DECISION CENTRE 'A'

Type of Security	MDLPs (Rs. in Lakh)		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	7.50 (0.92)	50.00 (4.76)	42.50	566.66
Secured Advances	200.00 (24.76)	250.00 (23.80)	50.00	25.00
Discounting & Purchase of Bills/Cheques	200.00 (24.76)	250.00 (23.80)	50.00	25.00
Letters of Credit	200.00 (24.76)	250.00 (23.80)	50.00	25.00
Guarantee	200.00 (24.76)	250.00 (23.80)	50.00	25.00
Aggregate :	807.50	1050.00	242.50	30.03

Note : Figures in brackets indicate percentage of the aggregate lending powers of that year.

The table 6.2 describes MDLPs of Decision Centre 'A' for all the major types of advances based on the security of the borrowers.

This data refers to the base year and current year. The fourth column indicates change during current year over base year and the last column shows percentage of change over the base year. A distinct feature visible here is that, there is unusual growth of 566.66 percentage of MDLPs of unsecured advances. Please refer to the classification of different advances in Section I of this chapter. It includes<sup>cl</sup> many items hitherto not taken by previous banks in their categories of advances. The other types of advances record a uniform increase of 25 per cent. This makes the ALP of this Decision Centre also grow at about the same rate i.e. 30.03percentage. The share of all the categories of advances except unsecured is also uniform percentage i.e. 23.80 per cent of the ALP during current year. The current years MDLPs show slight decline as percentage of ALP during current year, as compared to its share during base year. Whereas, in case of unsecured advances its share was only 0.92 per cent, which has gone upto 4.76 per cent during the current year. We now analyse the MDLPs of Decision Centre 'B'.

Table : 6.3

MDLPs AT DECISION CENTRE 'B'

Type of Security	MDLPs (Rs. in Lakh)		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	4.00 (1.21)	25.00 (3.22)	21.00	525.00
Secured Advances	25.00 (7.59)	150.00 (19.35)	125.00	500.00
Discounting & Purchase of Bills/Cheques	100.00 (30.39)	200.00 (25.80)	100.00	100.00
Letters of Credit	100.00 (30.39)	200.00 (25.80)	100.00	100.00
Guarantee	100.00 (30.39)	200.00 (25.80)	100.00	100.00
Aggregate :	329.00	775.00	446.00	135.56

Note : Figures in brackets indicate percentage of the aggregate lending powers of that year.

This Decision Centre also belongs to the top level of management. Here also identical growth in percentage during the current year over the base year is depicted. However the notable difference here is that apart from unsecured advances, the secured advances too have recorded a growth of 500 per cent during the current year. The share of MDLPs in ALP has <sup>increased</sup> 4 in case of unsecured advances, secured advances, while there is a decline in other category of advances viz. DPBC, Letters of Credit and Guarantees.

We now, shift to another Decision Centre, which is also belonging to top level of management.

Table : 6.4 MDLPs AT DECISION CENTRE 'C'

Type of Security	MDLPs (Rs. in Lakhs)		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	3.00 (1.59)	10.00 (2.43)	7.00	233.33
Secured Advances	10.00 (5.31)	100.00 (24.39)	90.00	900.00
Discounting & Purchase of Bills/Cheques	75.00 (39.89)	100.00 (24.39)	25.00	33.33
Letters of Credit	50.00 (26.59)	100.00 (24.39)	50.00	<del>33.33</del> 100.00
Guarantees	50.00 (26.59)	100.00 (24.39)	50.00	100.00
Aggregate :	188.00	410.00	222.00	118.08

Note : Figures in brackets indicate percentage of the aggregate lending powers of their that year.

The table 6.4 depicts unusual growth in secured advances i.e. 900 per cent during current year as compared to base year's MDLP. It is followed by unsecured advances and then Letters of Credit and guarantees have identical growth of 100 per cent, while DPBC show a marginal growth of 33.33%. The share of unsecured advances, secured advances only in the ALP of base year and current year show increase during period of our study. All other types of advances record a decline in percentage to ALPs. It is now the turn of Decision Centre 'D', which belongs to next level of management i.e. middle level of management.

Table : 6.5

MDLP AT DECISION CENTRE 'D'

Category of Advances	MDLP (Rs. in Lakhs)		Change in Amount (Rs. in lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	2.00 (1.82)	4.00 (2.23)	2.00	100.00
Secured Advances	7.50 (6.84)	25.00 (13.96)	17.50	233.33
Discounting & purchase of Bills/Cheques.	50.00 (45.66)	50.00 (27.93)	Nil	Nil
Letters of Credit	30.00 (27.39)	50.00 (27.93)	20.00	66.66
Guarantee	20.00 (18.26)	50.00 (27.93)	30.00	150.00
Aggregate	109.50	179.00	69.50	63.47

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

This table 6.5 reveals the MDLPs of Decision Centre 'D', which is the apex Decision Centre of middle level of management. It is evident from this table that maximum growth rate in MDLPs is found in case of secured advances, followed by the guarantees, unsecured advances and finally in letters of credit, where the percentage increase is 233.33 per cent, 150 per cent, 100 per cent and 66.66 per cent respectively over the MDLPs of the base year. It is difficult to justify the status

quo position in case of DPBC, which government wants to promote that business of banks. Similarly, as increase in percentage of aggregate lending powers is also, visible in all types of advances during current year over the base year except age in case of DPBC, where its share in ALP has come down from 45.66 per cent to 27.93 per cent. It is now turn of another Decision Centre 'E', which is depicted in Table 6.5.

Table : 6.6 MDLP AT DECISION CENTRE 'E'

Category of Advances	MDLP (Rs. in Lakhs) Base Year	Current Year	Change in Amount (Rs. in Lakh)	Change (%)
Unsecured Advances	1.50 (2.91)	3.00 (3.22)	1.50	100.00
Secured Advances	5.00 (9.70)	10.00 (10.75)	5.00	100.00
Discounting & purchase of Bills/ Cheques.	30.00 (58.25)	40.00 (43.01)	10.00	33.33
Letters of Credit	10.00 (19.41)	20.00 (21.50)	10.00	100.00
Guarantee	5.00 (9.70)	20.00 (21.50)	15.00	300.00
Aggregate	51.50	93.00	41.50	80.58

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

This Decision Centre is at the bottom of the middle level of management and hence, it also has to play the role in supervision, control and monitoring the activities of its lower level

Decision Centres. Here, we notice almost uniform pattern in percentage growth of MDLPs all types of advances. The highest growth is visible in case of guarantees i.e. 300 per cent, while unsecured advances, secured advances, Letter of credit record 100 per cent increase over their MDLPs of base year, while DPBC has meagre increase of 33.33 per cent, though in absolute terms, the amount is not insignificant i.e. Rs. 10 lakhs. The percentage share in ALP too increases in cases of all categories of advances except in case of DPBC, where the percentage has declined from 58.25 per cent, 43.01 per cent during period of our study. We now analyse the MDLP position of Decision Centre 'F', which is given in Table No. 6.7.

Table No. 6.7 MDLP AT DECISION CENTRE 'F'

Category of Advance	MDLP (Rs. in Lakhs)		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	1.00 (3.03)	2.00 (4.16)	1.00	100.00
Secured Advances	4.00 (12.12)	6.00 (12.50)	2.00	50.00
Discounting & purchase of Bills/ Cheques	20.00 (60.60)	20.00 (41.66)	Nil	Nil
Letters of Credit	5.00 (15.15)	10.00 (20.83)	5.00	100.00
Guarantee	3.00 (9.09)	10.00 (20.83)	7.00	233.33
Aggregate	33.00	48.00	15.00	45.45

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

The Decision Centre 'F' is at the apex of the grass root level of management and is involved directly in dealing with the borrowers, so far as lending function is concerned. Here, again maximum growth is found in case of MDLP, of guarantees (233.33%) followed by unsecured advances and Letter of Credit (100%), then secured advances (50%) and DPBC has no growth at all during period of our review. It's share in ALP has also decreased from 60.60 per cent to 41.66 per cent during our period of study. We now analyse the MDLP position of Decision Centre 'G', which is at the bottom of the grass root level of management.

Table : 6.8

MDLP AT DECISION CENTRE 'G'

Category of Advances	MDLP (Rs.in Lakhs)		Change in Amount (Rs.in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	0.25 (4.76)	0.50 (6.25)	0.25	100.00
Secured Advances	1.00 (19.04)	1.50 (18.75)	0.50	50.00
Discounting & purchase of Bills/ Cheques	2.00 (38.09)	2.00 (25.00)	Nil	Nil
Letters of Credit	1.00 (19.04)	2.00 (25.00)	1.00	100.00
Guarantee	1.00 (19.04)	2.00 (25.00)	1.00	100.00
Aggregate	5.25	8.00	2.75	53.38

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



The table above too depicts the same picture as has found in case of Decision Centre 'F' i.e. growth of 50 per cent to 100 per cent in case of all categories of advances and stagnation in case of DPBC. The only notable feature seems to be decline in case of secured advances, percentage to ALP from 19.04 per cent to 18.75 per cent during period of our study. It may be stated here that this Decision Centre is not necessarily the last Decision Centre of the bank, but since data for other MDLPs of other Decision Centres were not available to us for the base year, we have treated it as lowest Decision Centre at the grass root level of management. The branch categorisation is also changed in by certain banks from time to time, as in case of this bank.

Having examined the MDLP position of all Decision Centres of this bank individually during period of our study, we now turn to study the position of only changes in MDLPs of all Decision Centres during the same period. This table reflects only changes in amount of MDLP and its percentage during current year over the base year for all the Decision Centres belonging to all levels of management.

Table : 6.9 Changes in MLDP at All Decision Centres during period of Analysis

(Amt. Rs in Lakhs)

Advances Category	DECISION CENTRES						
	TOP LEVEL			MIDDLE LEVEL		GRASS ROOT LEVEL	
	A	B	C	D	E	F	G
Unsecured Advances	42.50 (566.66)	21.00 (525.00)	7.00 (233.33)	2.00 <del>22.00</del> (100.00)	1.50 <del>1.50</del> (100.00)	4.00 (100.00)	0.25 (100.00)
Secured Advances	50.00 (25.00)	125.00 (500.00)	90.00 (900.00)	17.50 (233.33)	5.00 (100.00)	2.00 (50.00)	0.5 (50.00)
Discounting and Purchase of Bills/Chauques	50.00 (25.00)	100.00 (100.00)	25.00 (33.33)	Nil (Nil)	10.00 (33.33)	Nil (Nil)	Nil (Nil)
Letters of Credit	50.00 (25.00)	100.00 (100.00)	50.00 (100.00)	20.00 (66.66)	10.00 (100.00)	5.00 (100.00)	1.00 (100.00)
Guarantees	50.00 (25.00)	100.00 (100.00)	50.00 (100.00)	30.00 (150.00)	15.00 (300.00)	7.00 (233.33)	1.00 (100.00)
Term Loans	35.00 (87.50)	40.00 (400.00)	20.00 (400.00)	3.50 (87.50)	2.00 (66.66)	1.00 (50.00)	0.25 (50.00)
Total	277.50	486.00	242.00	73.00	43.50	16.00	3.00

The table 6.9 reveals an interesting feature as regards changes in MDLPs. The calculations done separately (not given in Table) reflects that the following :-

<u>Advance Category</u>	<u>Change in Amount (Rs. in Lakhs)</u>	<u>Average</u>
Unsecured Advances	75.25	10.75
Secured Advances	282.50	40.00
Discounting and purchase of Bills/Cheques.	185.00	26.42
Letter of credit	236.00	33.71
Guarantees	53.00	7.57

Coming to the original table No. 6.9, its evident that in case unsecured advances the top level Decision Centres MDLPs have risen in the range of Rs. 7 lakhs to 42 lakhs, the middle level Decision Centres MDLPs have increased within relatively new range of Rs. 1.5 lakhs to Rs. 2.00 lakhs, while the range of increase of grass root level Decision Centre is only between Rs. 25 thousand to Rs. 1 lakh.

**Table : 6.10**      Distribution of Aggregate Lending Powers  
of all Decision Centres as per Level of  
Management.

Levels of Management	Aggregate Lending Power		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year (Rs. in Lakhs)	Current Year		
Top	1,324.50 (86.92)	2,235.00 (87.20)	910.50	68.74
Middle	161.00 (10.56)	272.00 (10.61)	111.00	68.94
Grass Root	38.25 ( 2.51)	56.00 (2.18)	17.75	46.40
Aggregate	1,523.75	2,563.00	1,039.25	68.20

The Table 6.10 depicts MDLP position of all Decision Centres centre-wise i.e. as per levels of management, which are three Top level, Middle level and Grass root level. It is quite evident that the Decision Centres of top level management had 86.92 per cent of ALP during base year which is increased to 87.20 per cent during the current year. While the Decision Centres of the middle level management had only 10.56 per cent of ALP during base year which remains only 10.61 per cent of the ALP during the current year. The Decision Centres of grassroot level had only 2.51 per cent of ALP during base year which declines to 2.18 per cent during the current year. This reflects that even during current year there is very heavy concentration of lending powers at top level management.

In comparison the middle level and grass root level DCs had a meagre share of 10.61% and 2.18% respectively. If we consider growth of MDLP in current year over base year it is 68.74% each at top and middle level management DCs. While the MDLP of grass root level DCs have increased by only 46.40%. This clearly shows a need for a change in the policy of the bank to further derogate powers to particular grass root level decision centres.

### SECTION - III

#### Extent and Magnitude of Delegation

Having considered the MDLP position of all DCs, changes in MDLP and concentration of MDLP at different levels of management it is now proposed to analyse the delegation of lending powers for important category of advances with the help of matrix type of tables. These tables show MDLP of every decision centre as percentage of all DCs belonging to all the three levels of management.

We start with Table No. 6.11 which analyses MDLP position for unsecured advances.

Table : 6.11

EXTENT AND MAGNITUDE MATRIX OF MDLPs FOR  
UNSECURED ADVANCES 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
Top	A	50.00 (52.91)	-							
	B	25.00 (26.65)	50. 00	-						
	C	10.00 (10.58)	20. 00	40. 00	-					
Middle	D	4.00 (4.23)	8. 00	16. 00	40. 00	-				
	E	3.00 (3.17)	6. 00	12. 00	30. 00	75. 00	-			
Grass Root	F	2.00 (2.11)	4. 00	8. 00	20. 00	50. 00	66. 66	-		
	G	0.50 (0.52)	1. 00	2. 00	5. 00	12. 50	16. 66	25. 00	-	-
AGGREGATE		94.50								

Table 6.11 depicts the MDLP positions of all decision centres in relation to one another through percentage. Taking first the decision centre 'C' which is at the bottom of top level management enjoys only 20% and 40% of the MDLPs of decision centres 'A' and 'B' respectively, although all the three DCs belong to same level of management. The decision centre 'E' enjoys 75% of its immediate higher DC 'D'. The DC 'G' which is at the bottom of grass root level has only 25% of its immediate higher decision centre. If we take the range of fluctuations of MDLP, it is between 40% to 50% at top level, 40% to 75% at middle level and 25% to 66.66% at grass root level. In short there is very heavy concentration of MDLP at higher level DCs.

Table : 6.12

EXTENT AND MAGNITUDE MATRIX OF MDLPs FOR SECURED  
ADVANCES 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
Top	A	250.00 (46.08)	-						
	B	150.00 (27.64)	60. 00	-					
	C	100.00 (18.43)	40. 00	66. 66	-				
Middle	D	25.00 (4.60)	10. 00	16. 66	25. 00	-			
	E	10.00 (1.84)	4. 00	6. 66	10. 00	40. 00	-		
Grass Root	F	6.00 (1.10)	2. 40	4. 00	6. 00	24. 00	60. 00	-	
	G	1.50 (0.27)	0. 60	1. 00	1. 50	6. 00	13. 00	25. 00	-
AGGREGATE		542.50							



Table : 6.12 analyses extent and magnitude for secured advances. The range of fluctuation of MDLP as percentage varies from 60% to 66.66% at the top level, 25% to 40% at middle level and varies from 24% to 25% at grass root level DCs. The loan proposals upto Rs. 6 lakhs only are settled at grass root level, at middle level decisions are taken upto Rs. 25 lakhs and in contrast, the borrowings upto Rs. 250 lakhs are decided at the top level management. The share of DC 'G' in MDLPs of its higher up Decision Centres is percentage is ranging between 0.6% to 25% itself speaks volumes about the delegation scenario prevailing at a top ranking and progressive bank like this.

We now turn to the analysis of extent and magnitude of delegation for next type of advances i.e. Discounting and purchase of Bills/cheques.

Table : 6.13

EXTENT AND MAGNITUDE MATRIX OF MDLPs FOR DISCOUNTING  
AND PURCHASE OF BILLS/CHEQUES 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
Top	A	250.00 (37.76)	-						
	B	200.00 (30.21)	80. 00	-					
	C	100.00 (15.10)	40. 00	50. 00	-				
Middle	D	50.00 (7.55)	20. 00	25. 00	50. 00	-			
	E	40.00 (6.04)	16. 00	20. 00	40. 00	80. 00	-		
Grass Root	F	20.00 (3.02)	8. 00	10. 00	20. 00	40. 00	50. 00	-	
	G	2.00 (0.30)	0. 8	1. 00	2. 00	4. 00	5. 00	10. 00	-
AGGREGATE		662.00							

The table 6.13 shows very clearly the range of fluctuations at top level, middle level and grass root level of management, which is between 50% to 80%, 10% to 50% respectively. The figures in the brackets indicate each Decision Centres share in the ALP for DFBC and the disproportionate range at Decision Centres of different levels of management is quite noticeable. At lowest Decision Centre it is only 0.30% of ALP and 37.76% at the highest level Decision Centre. We take up the analysis Letters of Credit and Guarantees from Table 6.14.

Table : 6.14

EXTENT AND MAGNITUDE MATRIX OF MDLPs FOR LETTERS  
OF CREDIT AND GUARANTEES 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
Top	A	250.00 (39.55)	-						
	B	200.00 (31.64)	80. 00	-					
	C	100.00 (15.82)	40. 00	50. 00	-				
Middle	D	50.00 (7.91)	20. 00	25. 00	50. 00	-			
	E	20.00 (3.16)	8. 00	10. 00	20. 00	40. 00	-		
Grass Root	F	10.00 (1.58)	4. 00	5. 00	10. 00	20. 00	50. 00	-	
	G	2.00 (0.31)	0. 8	1. 00	2. 00	4. 00	10. 00	20. 00	-
AGGREGATE		632.00							

NOTE : MDLPs taken here are higher of two limits for L/C  
and guarantees.

In table 6.14, the same pattern as in earlier chapters is followed i.e. letter of credit and guarantees for current year are not analysed separately but insted higher limit of the two is take up as the MDLP amounts for each are by and range the same. The share of each DC as percentage of ALP is reflected in the figures given in the brackets, which varies from 8.31% at the lowest DC to 39.55% at the highest DC of this bank. The range of percentage of MDLPs at top level is between 50% to ,80%, 40% to 50% at middle level and between 20% to 50% at the grass root level Decision Centres.

Having examined the analysis with the help of matrix type of tables for the main categories of advances, we now analyse another aspect of MDLPs in a different type of table No. 6.15.

Table : 6.15

AGGREGATE MDLPs OF ALL DECISION CENTRES FOR BASE YEAR  
AND CURRENT YEAR  
(Rs. In Lakhs)

Levels Of Man- agement	Decision Centres	AGGREGATE LEADING POWERS		Change in Amount (Rs. in Lakhs)	Change (%)
		Base year (Rs. in Lakhs)	Current year (Rs. in Lakhs)		
Top	A	847.50 (53.36)	1125.00 (41.22)	277.50	32.74
	B	339.00 (21.34)	825.00 (30.22)	486.00	143.36
	C	193.00 (12.15)	435.00 (15.93)	242.00	125.38
<hr/>					
Middle	D	113.50 (7.14)	186.50 (6.83)	73.00	64.31
	E	54.50 (3.43)	98.00 (3.59)	43.50	79.81
<hr/>					
Grass Root	F	35.00 (2.20)	51.00 (1.86)	16.00	45.71
	G	5.75 (0.36)	8.75 (0.32)	3.00	52.17
<hr/>					
TOTAL		1588.25	2729.25	1141.00	71.84

NOTE : Figures in brackets indicate percentage of  
APL of that year.

The table 6.15 depicts aggregate lending powers of all the Decision Centres belonging to all the three levels of management during the base year and the current year. This table gives us an overall view of the ALP of each Decision Centre, its growth during current year and the percentage of growth. The percentage of growth varies from 32.74 per cent to 143.36 per cent, surprisingly both of these belong to Decision centres of the top level of management. Ofcourse the range of growth rate percentage is between 32.74 per cent to 125.38 per cent at the top level, 64.31 per cent to 79.81 per cent at middle level and 45.71 per cent to 52.17 per cent at the grass root level of management. This indirectly conforms to the trend already noticed at previous sample banks. The share of each Decision Centres MDLP in ALP of base and current year declines at grass root level Decision Centres, increases at all Decision centres of middle level and increases at most of the Decision centres belonging to the top level of management.

It is now the turn of matrix type of table for the same data i.e. ALP of all the Decision Centres for current year.





The table 6.16 depicts extent and magnitude of ALP of all Decision Centres with the help of matrix type of table. The share of each Decision Centres MDLP in the ALP is reflected from the figures given in brackets, which declines from 41.22% at Decision Centre 'A' to 0.32 % at Decision Centre 'G'. As per level of management, the MDLPs of top level Decision Centres varies between 52.72per cent to 73.33 per cent, the middle level Decision centres MDLP varies between 42.87 per cent 52.54 per cent and grass root level Decision Centres MDLP as percentage of its higher Decision Centres varies between 17.15 per cent to 52.04 per cent respectively.

We can safely conclude that though this is highly progressive and largest sized bank in India, there is plenty of scope to think afresh about allotting more lending powers at grass root level middle level of management.