

DELEGATION OF LENDING POWERS IN 'U BANK'

This is the only sample bank, which belongs to the private sector i.e. the ownership of its shares are owned by the private individuals only. We break here from the usual pattern of plan of the previous chapters. The reason being that the management did co-operate with us fully when they provided us with the power chart of 1982-83 but on-in- later on, we were officially informed that lending powers of this bank are not revised at all since then. This makes analytical work especially pertaining to MDLPs very difficult and meaningless. Still however, we are presenting below in a highly summarised form the details regarding its -

- (1) Brief Profile.
- (2) Organisation and Decision Centres and
- (3) All the Tables pertaining to lending powers.

Brief Profile of the Bank

This private sector bank is located in Northern India. At the end of 1987, it had 262 total offices operating in India, out of which 29 were located at metropolitan areas, 67 at urban areas, 66 at semi-urban areas, and 100 at rural areas. It has 20 office abroad. As regards its total staff strength, it is 4,346 composed of 940 officers, 2,465 clerks and 941 subordinates. As the MDLP information supplied to us relates to 1982-83, we take it as base year and 1987 as the current year. It's progress in terms of some of the important operational variables for the both the years is depicted below :

Table : 7.1      PROFILE OF 'U BANK'

Profile variables/ Parameters	Base Year (Rs. in Lakh)	Current Year (Rs. in Lakh)	Change in current year over base year	
			Absolute (Rs. in Lakh)	(%)
1 Equity	40	100	60	150.00
2 Reserves	121	261	140	115.70
3 Deposits	25,225	49,986	24,761	98.16
4 Working Funds	29,233	56,243	27,010	92.39
5 Total Assets	33,911	63,520	29,609	87.31
6 Total Advances	14,983	23,167	8,184	54.62
7 Total Income	2,424	5,337	2,913	120.17
8 Spread	721	1,326	605	83.91
9 Total Expenditure	2,383	5,255	2,862	120.10
10 Net Profit	41	92	51	124.39

Source : Financial statements of the Bank for 1983 and 1987 and Financial Analysis of Banks 1983, and 1987 (Indian Banks Association).

It is quite evident that the bank has recorded good progress in strengthening its equity base total income net profit, reserves and deposits. It has not made good progress in the area of total advances, where the growth is only 54.62 during period of our review.

### ORGANISATION AND DECISION CENTRES

Like other banks, the highest lending power decisions are taken by Board of Directors. The highest ranked bank executive is called Managing Director. Then the bank hierarchy follows like, General Manager Joint General Manager, Deputy, General Manager, Assistant General Manager, Regional Manager, Branch Manager Scale I, Branch Manager Scale II, Branch Manager Scale III and Branch Manager Scale IV. Accordingly, we have given them the Decision Centre codes from 'A' to 'J'. Decision Centres from 'A' to 'D' from top management level, 'E' to 'G' belong to middle level of management and 'H' to 'J' function at grass root level of management.

Now the important tables pertaining to MDLPs of all the Decision Centres is given below from Table 7.2 to 7.17. The main rationale behind given all the important tables is that this bank is used as a sample bank in chapter VIII.

Table : 7.2MDLP AT DECISION CENTRE 'A'

Category of Advance	MDLP (Rs. in Lakhs)		Change in Amt. (Rs. in Lakhs)	Change (%)
	Base Year	Current year		
Unsecured Advances	3.00 (3.00)	3.00 (3.00)	Nil	-
Secured Advances	25.00 (25.00)	25.00 (25.00)	Nil	-
Discounting and Purchase of Bills/ Cheques	20.00 (20.00)	20.00 (20.00)	Nil	-
Letters of Credit	25.00 (25.00)	25.00 (25.00)	Nil	-
Guarantees	25.00 (25.00)	25.00 (25.00)	Nil	-
Term Loans	2.00 (2.00)	2.00 (2.00)	Nil	-
Aggregate	100.00	100.00	Nil	-

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

Table : 7.3MDLP AT DECISION CENTRE 'B'

Category of Advance	MDLP (Rs. in Lakhs)		Change in Amt. (Rs. in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	2.00 (2.56)	2.00 (2.56)	Nil	-
Secured Advances	20.00 (25.64)	20.00 (25.64)	Nil	-
Discounting and Purchase of Bills/ Cheques	15.00 (19.23)	15.00 (19.23)	Nil	-
Letters of Credit	15.00 (19.23)	15.00 (19.23)	Nil	-
Guarantees	15.00 (19.23)	15.00 (19.23)	Nil	-
Term Loans	1.00 (1.28)	1.00 (1.28)	Nil	-
Aggregate	78.00	78.00	Nil	-

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

Table : 7.4MDLP AT DECISION CENTRE 'C'

Category of Advance	MDLP (Rs.in Lakhs)		Change in Amt. (Rs.in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	1.75 (3.22)	1.75 (3.22)	N11	-
Secured Advances	15.00 (27.64)	15.00 (27.64)	N11	-
Discounting and Purchase of Bills/ Cheques	12.50 (23.04)	12.50 (23.04)	N11	-
Letters of Credit	12.50 (23.04)	12.50 (23.04)	N11	-
Guarantees	12.50 (23.04)	12.50 (23.04)	N11	-
Term Loans	-	-	-	-
Aggregate	54.25	54.25	N11	-

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

**Table : 7.5**      **MDLP AT DECISION CENTRE 'D'**

Category of Advance	MDLP (Rs.in Lakhs)		Change in Amt. (Rs.in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	1.75 (3.22)	1.75 (3.22)	Nil	-
Secured Advances	15.00 (27.64)	15.00 (27.64)	Nil	-
Discounting and Purchase of Bills/ Cheques	12.50 (23.04)	12.50 (23.04)	Nil	-
Letters of Credit	12.50 (23.04)	12.50 (23.04)	Nil	-
Guarantees	12.50 (23.04)	12.50 (23.04)	Nil	-
Term Loans	-	-	-	-
Aggregate	54.25	54.25	Nil	-

**Note :** Figures in bracket indicate percentage of ALP  
of that year.

Table : 7.6MDLP AT DECISION CENTRE 'E'

Category of Advances	MDLP (Rs.in Lakhs)		Change In Amt. (Rs.in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	1.50 (3.61)	1.50 (3.61)	Nil	-
Secured Advances	10.00 (24.09)	10.00 (24.09)	Nil	-
Discounting and Purchase of Bills/ Cheques	10.00 (24.09)	10.00 (24.09)	Nil	-
Letters of Credit	10.00 (24.09)	10.00 (24.09)	Nil	-
Guarantees	10.00 (24.09)	10.00 (24.09)	Nil	-
Terms Loans	-	-	-	-
Aggregate	41.50	41.50	Nil	-

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



Table : 7.7

MDLP AT DECISION CENTRE 'F'

Category of Advance	MDLP (Rs.in Lakhs)		Change in Amt. (Rs.in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	1.00 (4.34)	1.00 (4.34)	Nil	-
Secured Advances	7.00 (30.43)	7.00 (30.43)	Nil	-
Discounting and Purchase of Bills/ Cheques	5.00 (21.73)	5.00 (21.73)	Nil	-
Letters of Credit	5.00 (21.73)	5.00 (21.73)	Nil	-
Guarantees	5.00 (21.73)	5.00 (21.73)	Nil	-
Term Loans	-	-	Nil	-
Aggregate	23.00	23.00	Nil	-

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

Table : 7.8MDLP AT DECISION CENTRE 'G'

Category of Advance	MDLP (Rs. in Lakhs)		Change in Amt. (Rs.in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	0.25 (3.44)	0.25 (3.44)	Nil	-
Secured Advances	3.00 (41.37)	3.00 (41.37)	Nil	-
Discounting and Purchase of Bills/ Cheques	1.00 (13.79)	1.00 (13.79)	Nil	-
Letters of Credit	1.00 (13.79)	1.00 (13.79)	Nil	-
Guarantee	2.00 (27.58)	2.00 (27.58)	Nil	-
Term Loans	-	-	-	-
Aggregate	7.25	7.25	Nil	-

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

Table : 7.9MDLP AT DECISION CENTRE 'H'

Category of Advance	MDLP (Rs. in Lakhs)		Change in Amt. (Rs. in Lakhs)	Change (%)
	Base Year	Current Year		
Unsecured Advances	0.15 (4.76)	0.15 (4.76)	Nil	-
Secured Advances	1.00 (31.74)	1.00 (31.74)	Nil	-
Discounting and Purchase of Bills/ Cheques	0.50 (15.87)	0.50 (15.87)	Nil	-
Letters of Credit	0.50 (15.87)	0.50 (15.87)	Nil	-
Guarantees	1.00 (31.74)	1.00 (31.74)	Nil	-
Term Loans	-	-	Nil	-
Aggregate	3.15	3.15	Nil	-

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

Table : 7.10

MDLP AT DECISION CENTRE 'I'

Category of Advances	MDLP (Rs. in Lakh)		Change in Amount (Rs. in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	0.10 (9.09)	0.10 (9.09)	Nil	-
Secured Advances	0.50 (45.45)	0.50 (45.45)	Nil	-
Discounting & Purchase of Bills/ Cheques	0.25 (22.72)	0.25 (22.72)	Nil	-
Letters of Credit	-	-	-	-
Guarantee	0.25 (22.72)	0.25 (22.72)	Nil	-
Term Loan.	-	-	-	-
Aggregate	1.10	1.10	-	-

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

Table : 7.11      MDLP AT DECISION CENTRE 'J'

Category of Advance	MDLP (Rs.in Lakh)		Change in Amount (Rs.in Lakh)	Change (%)
	Base Year	Current Year		
Unsecured Advances	0.05 (11.11)	0.05 (11.11)	Nil	-
Secured Advances	0.25 (55.55)	0.25 (55.55)	Nil	-
Discounting & purchase of Bills/ Cheques	0.15 (33.33)	0.15 (33.33)	Nil	-
Letters of Credit	-	-	-	-
Guarantee	-	-	-	--
Term Loan	-	-	-	-
Aggregate	0.45	0.45	Nil	-

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

Table : 7.12

EXTENT AND MAGNITUDE MATRIX FOR UNSECURED ADVANCES  
FOR CURRENT YEAR

Levels of Man- agement	Extent of Delegation		Magnitude of Delegation as per cent of higher Decision Centre									
	Decision Centres	MDLP (Rs.in Lakh)	Top				Middle			Grass Root		
			A	B	C	D	E	F	G	H	I	J
Top	A	3.00 (25.97)	-									
	B	2.00	66. 66	-								
	C	1.75 (17.31)	58. 33	87. 50	-							
	D	1.75 (15.15)	58. 33	87. 50	100. 00	-						
Middle	E	1.50 (12.98)	50. --	75. --	85. 71	85. 71	-					
	F	1.00 (8.65)	33. 33	50. 00	57. 14	57. 14	66. 66	-				
	G	0.25 (2.22)	8. 33	12. 50	14. 28	14. 28	16. 66	25. 00	-			
Grass Root	H	0.15 (1.29)	5. 00	7. 50	8. 57	8. 57	10. 00	15. 00	60. 00	-		
	I	0.10 (0.86)	3. 33	5. 00	5. 71	5. 71	6. 66	10. 00	40. 00	66. 66	-	
	J	0.05 (0.43)	1. 66	2. 50	2. 85	2. 85	3. 33	5. 00	20. 00	33. 33	50. 00	-
Aggregate		11.55										

Note : Figures in brackets indicate percentage of aggregate

Table : 7.13

EXTENT AND MAGNITUDE MATRIX FOR SECURED  
ADVANCES FOR CURRENT YEAR

Levels of Man. agement	Extent of Delegation		Magnitude of Delegation as per cent of higher Decision Centre									
	Decision Centres	MDLP (Rs.in Lakh)	Top				Middle			Grass Root		
			A	B	C	D	E	F	G	H	I	J
Top	A	25.00 (25.83)	-									
	B	20.00 (20.67)	80. 00	-								
	C	15.00 (15.50)	60. 00	75. 00	-							
	D	15.00 (15.50)	60. 00	75. 00	100. 00	-						
Middle	E	10.00 (10.33)	40. 00	50. 00	66. 66	66. 66	-					
	F	7.00 (7.23)	28. 00	35. 00	46. 66	46. 66	70. 00	-				
	G	3.00 (3.10)	12. 00	15. 00	20. 00	20. 00	30. 00	42. 85	-			
Grass Root	H	1.00 (1.03)	4. 00	5. 00	6. 66	6. 66	10. 00	14. 28	33. 33	-		
	I	0.50 (0.15)	2. 00	2. 50	3. 33	3. 33	5. 00	7. 14	16. 66	50. 00	-	
	J	0.25 (0.25)	1. 00	1. 25	1. 66	1. 66	2. 50	3. 57	8. 33	25. 00	50. 00	-
Aggragate		96.75										

Note : Figures in brackets indicate percentage of aggregate

Table : 7.14

EXTENT AND MAGNITUDE MATRIX FOR DISCOUNTING AND PURCHASING  
OF BILLS/CHEQUES FOR CURRENT YEAR

Levels of Man- agement	Extent of Delegation		Magnitude of Delegation as per cent of higher Decision Centre									
	Decision Centres	MDLP (Rs.in Lakh)	Top				Middle			Grass Root		
			A	B	C	D	E	F	G	H	I	J
Top	A	20.00 (26.00)	-									
	B	15.00 (19.50)	75. 00	-								
	C	12.50 (16.25)	62. 50	83. 33	-							
	D	12.50 (16.25)	62. 50	83. 33	100. 00	-						
Middle	E	10.00 (13.00)	50. 00	66. 66	80. 00	80. 00	-					
	F	5.00 (6.50)	25. 00	33. 33	40. 00	40. 00	50. 00	-				
	G	1.00 (1.30)	5. 00	6. 66	8. 00	8. 00	10. 00	20. 00	-			
Grass Root	H	0.50 (0.65)	2. 50	3. 33	4. 00	4. 00	5. 00	10. 00	50. 00	-		
	I	0.25 (0.32)	1. 25	1. 66	2. 00	2. 00	2. 50	5. 00	25. 00	50. 00	-	
	J	0.15 (0.19)	0. 75	1. 00	1. 20	1. 20	1. 50	3. 00	15. 00	30. 00	60. 00	-
Aggregate		76.90										

Note : Figures in brackets indicate percentage of aggregate.



Table : 7.15

EXTENT AND MAGNITUDE MATRIX 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 centre									
	Decision Centres	MDLP (Rs.in Lakh)	Top				Middle			Grass Root		
			A	B	C	D	E	F	G	H	I	J
Top	A	25.00 (30.03)	-									
	B	15.00 (10.01)	60. 00	-								
	C	12.50 ( )	50. 00	83. 33	-							
	D	12.50 (15.01)	50. 00	83. 33	100. 00	-						
Middle	E	10.00 (12.01)	40. 00	66. 66	80. 00	80. 00	-					
	F	5.00 (6.00)	20. 00	33. 33	40. 00	40. 00	50. 00	-				
	G	2.00 (2.40)	8. 00	13. 33	16. 00	16. 00	20. 00	40. 00	-			
Grass Root	H	1.00 (1.20)	4. 00	6. 66	8. 00	8. 00	10. 00	20. 00	50. 00	-		
	I	0.25 (0.30)	1. 00	1. 66	2. 00	2. 00	2. 50	5. 00	12. 50	25. 00	-	
	J	NIL										
Aggregate		83.25										

Note : Figures in brackets indicate percentage of aggregate.

Table : 7.16

Aggregate Lending Powers of All Authorities for Base Year  
and Current Year Centre wise

Levels of Man- agement	Decision Centres	Aggregate Lending Powers (Rs. in Lakhs)		Change in Amount (Rs. in Lakh)	Change (%)
		Base Year	Current Year		
Top	A	100.00 (30.29)	100.00 (30.39)	Nil	-
	B	78.00 (12.40)	78.00 (12.40)	Nil	-
	C	54.25 (1.49)	54.25 (1.49)	Nil	-
	D	54.25 (1.49)	54.25 (1.49)	Nil	-
Middle	E	41.50 (1.14)	41.50 (1.14)	Nil	-
	F	23.00 (0.63)	23.00 (0.63)	Nil	-
	G	7.25 (0.19)	7.25 (0.19)	Nil	-
Grass Root	H	3.15 (0.08)	3.15 (0.08)	Nil	-
	I	1.10 (0.03)	1.10 (0.03)	Nil	-
	J	0.45 (0.01)	0.45 (0.01)	Nil	-
Aggregate		362.95	362.95	-	-

Note : Figures in brackets indicate percentage of that year.

Table : 7.17

EXTENT AND MAGNITUDE MATRIX OF MDLPs OF ALL LENDING  
AUTHORITIES OF 'U' BANK DURING CURRENT YEAR

Levels of Man- agement	Extent of Delegation		Magnitude of Delegation as per cent of higher Decision Centre									
	Decision Centres	MDLP (Rs. in Lakh)	Top				Middle			Grass Root		
			A	B	C	D	E	F	G	H	I	J
Top	A	400.00	-									
	B	78.00 (21.59)	78. 00	-								
	C	54.25 (15.02)	54. 25	69. 55	-							
	D	54.25 (15.02)	54. 25	69. 55	100. 00	-						
Middle	E	41.50 (11.49)	41. 50	53. 20	76. 49	76. 49	-					
	F	23.00 (6.36)	23. 00	29. 48	42. 39	42. 36	55. 75					
	G	7.25 (2.00)	7. 25	9. 29	13. 36	13. 36	17. 57	31. 52	-			
Grass Root	H	3.15 (0.87)	3. 15	4. 03	5. 80	5. 80	7. 59	13. 69	43. 44	-		
	I	1.10 (0.30)	1. 10	1. 41	2. 00	2. 02	2. 65	4. 78	15. 17	34. 92	-	
	J	0.45 (0.12)	0. 45	0. 57	0. 82	0. 82	1. 03	1. 95	26. 20	14. 28	40. 90	-
Aggregate		361.15										

Note : Figures in brackets indicate percentage of aggregate.