Is Indian Banking Boring?
An Insider's Impressions

Dr. N. K. Thingalaya

"Thirty-plus years ago, when I was a graduate student in economics, only the least ambitious of my classmates sought careers in the financial world. Even then, investment banks paid more than teaching or public service - but not that much more, and anyway, everyone knew that banking was, well, boring" wrote the Nobel laureate Prof. Paul Krugman in *New York Times*, April 9, 1999.

Forty-plus years ago, after obtaining the doctoral degree in economics from the Bombay School of Economics, I joined Syndicate Bank as the Economic Adviser on April 7, 1966 at its head office in Manipal. It was a small bank then in the private sector with a total deposit of Rs.74 crore having 217 branches. Manipal was a tiny township basking in the glory of the Ashta Mutts established by saint Madhvacharya in the 14th century at Udipi, the nearby temple town. Least ambitious, perhaps I was, spending my entire professional career in one building, in one bank and in one little place. Retiring as the Chairman and Managing Director of the Bank in 1997, I have been a witness to the paradigm shift in the business of the Indian banking sector.

Responding to Prof. Krugman's thesis of boring banking, Dr. Subbarao, Governor of the Reserve Bank of India chose for his keynote address at the International Finance and Banking Conference organized by the Indian Merchants' Chamber, the subject "Should Banking Be Made Boring? - An Indian Perspective", held in November 2009 in Mumbai. Analysing the issues involved very methodically, he has concluded "From an Indian perspective, what banks do and how well they do it is going to be central to accelerating and sustaining our growth momentum. In particular, I have referred to four challenges that the banking sector has to meet head on - deepening financial inclusion, financing infrastructure, strengthening risk management and improving efficiency. These are formidable challenges, and meeting them is going to be an exciting, rewarding and fulfilling opportunity. Perish the thought of Indian banking ever getting boring". (Subbarao D 2009).

As one, who has grown with the banking sector during its most fascinating diversified expansion period, I wish to present an insider's view about bank management. The challenges of breaking new vistas for development did not make banking boring, particularly after bank nationalisation. It was not necessarily a well-planned process because of the induction of many populist measures, the debris of which is still visible in rural India. But there was the semblance of a planning process. Exposed to public gaze, the banker became more responsive. And there was little scope for banking to become boring.

Peeping into Years of Drudgery:

Before the enactment of the Banking Companies Act 1949, banking in India was dull and there was no sense of direction. Small banks were cropping up in small towns, operating with very small capital base and disappearing as fast as they appeared. They depended upon local patronage and created employment opportunities for the local youth. Emoluments were not the decisive factor but employment was. Professionalism in banking was conspicuously absent. Business men, lawyers and persons in the freedom struggle were the promoters and directors of banks (Thingalaya 1991). Where enlightened leadership at the board level was available, banks made some progress.

Dr. N. K. Thingalaya, Professor Emeritus, Justice K S Hegde Institute of Management, Nitte.

Bank's routine work at the dungy little branches was drudgery. The head of the branch was called agent and the operational head was designated as secretary in many banks. Even sanctioning of leave was handled by the directors in many cases. The clerical staff was selected from matriculates, good in arithmetics and having good hand writing. Tallying of accounts at the end of the day was the major task. Branch would not be closed until the dusty ledgers are closed with all debits and credits tallied. Incentives for better performance were hardly available. Standardization of working conditions and pay scales entered banking sector much later, in stages. Personnel Department was more concerned about postings and disciplinary measures than in developing human resources. Hardly any reference was found in the Directors' Report about staff matters. Unionisation of staff, militant in a few cases, became an inevitable process of development. The bank managements also, perhaps, were not very ambitious about promoting faster growth. The status of performance of many small and medium size banks may be more aptly described by borrowing Prof. Sumantra Ghoshal's concept of ***complacent under-performance.*** (Sumantra Ghoshal 2000). Bank capital being very meagre, bank shares were not visible in the stock market. Rate of dividend was not a significant factor in ranking the banks as good performers. There is a splendid example of the bank from the south, managed by a group of businessmen, which remained stagnant for almost 74 years until it was nationalised in 1980. Waking up from the stagnant existence, it has now emerged as one of most efficient public sector banks with a rapidly growing bottom line.

Indulging in Rural Studies:

My entry into Syndicate Bank was in response to an invitation from Mr. T A Pai, who was then the managing director of the Bank having just completed his successful tenure as the first chairman of Food Corporation of India. A charismatic banker, he was, with a broad vision and concern for rural development. Having started the Economic Research Department as a one man show, I was anxious to prove the operational utility of the department. Within a week after joining, I ventured into making a study- ***An Economic Profile of the Rural Customers of the Bank.*** What prompted this study was the fact that the Bank had 66 rural branches. I selected 10 rural branches from South Kanara district, which were in existence since 1946 in very small places where the average population was less than 5000. When I discussed the subject with Mr. H N Pai, the chief accountant, a down-to-earth banker as he was, he suggested that I must interview some non-customers also. On the completion of the customer survey at the selected branches, I was surprised to find that there were no non-customers in those villages. They had some or other dealing with the bank; a gold loan of Rs.25 or a Pigmy deposit account of a rupee a day. ***That was financial inclusion in the real sense,*** I can surmise now. Rural branches existing for two decades in these villages had become a part of rural life. It is not an exaggeration to call South Kanara district as the cradle of banking (Thingalaya 1999)

Another important rural study conducted immediately thereafter was an Assessment of the Banking Needs of the Nagarjunasagar Project Area in Andhra Pradesh. In August 1966, Mr. M Narasimham, Secretary of Reserve Bank of India suggested to Mr. T. A. Pai that since the Nagarjunasagar project was expected to irrigate large tracts of land in its command area, the banks should identify the centres for opening branches to provide the credit needs of irrigated cultivation. Accepting the suggestion, Mr. Pai asked me to take up this study along with Mr. Seetharama Rao from the Branch Expansion Department of the Bank. We surveyed the unbanked villages in Nalgonda, Khammam and Guntur districts of Andhra Pradesh and identified a number of villages for branch opening. Branches were opened in most of these villages over a period of time.

After bank nationalisation, while the Area Approach adopted under the Lead Bank Scheme was largely responsible for the expansion of rural branch network, the precursor to the rural branch expansion policy was the Joint Survey of selected districts prompted by the Reserve Bank in 1968-69. Representatives from the Agricultural Credit Department (ACD) and the Department of Banking Operations and Development (DBOD) from the regional offices of Reserve Bank and an officer from a bank having good presence in the state were entrusted with the responsibility of identifying unbanked-centres in the selected districts. In Andhra Pradesh for example, Krishna and Nellore districts were selected for this purpose, with which I was associated as the team member from Syndicate Bank. Mr. C S Natarajan from DBOD-Hyderabad and Mr. K Viswanatha Rao from ACD-Hyderabad were the other members. Though no reference to these surveys, which paved the way for lead bank surveys later, are made in History of Reserve Bank of India, a reference to them is found in one of the documents appended to the hefty volume (Thingalaya, 2007). A good number of un-banked villages were identified by the survey team. Based on this list, licences were granted to different banks, which evinced interest in opening their branches.

My interest in rural development and rural banking has grown with me throughout my banking career. When Syndicate Bank promoted ten regional rural banks in five states in the 70s, I became their mentor. I was propagating the idea that the gramin banks should have their own head office buildings, which symbolize their stability and durability. I was instrumental in enabling four banks to go for their own buildings. Unknowingly I have become the spokesman of the gramin banks. In 1995 the Reserve Bank of India appointed me as the chairman of the Expert Group on Regional Rural Banks, the report of which was submitted in November1997. One of the recommendations made was the merger of weak gramin banks with the neighbouring gramin banks. Government of India, the major share-holder of gramin banks, initiated the process of merger of gramin banks in 2005.

Though my professional interest in gramin banks came to an end after my retirement from active service, my emotional interest continued. Collecting the annual reports of 177 gramin banks out of 196 gramin banks in 2000, I made an in-depth analysis of their performance in a study entitled, ***Gramin Banks in India: A Re-assessment.*** (Thingalaya 2001). A decade later, another attempt was made to analyse their efficiency as rural credit agencies in an occasional paper (Thingalaya 2010). Continuing my interest in these banks, I have visited recently the head offices of some of them in Dharawad, Gurgaon, Lucknow, Ranchi, Guwahati and Manipur and addressed the staff.

Inducting Intelligence:

Though nationalisation of major banks in 1969 was a political strategy, it paved the way for the diversified growth of banking, when the banking sector was assigned the role of a partner in the process of economic development. The introduction of the Lead Bank scheme was the beginning of this process. Banks started Economic Intelligence or Economic Research Departments for carrying out the Lead Bank Surveys using the elaborate questionnaire prescribed by the Reserve Bank of India. Many young economists were inducted into banks.[1]

The first meeting of the bank economists was convened by the Reserve Bank of India on April 13, 1972 for initiating them to undertake lead bank surveys. Dr. R K Hazari, Deputy Governor presiding over the meeting "visualized them as a group of New Men who are expected to play a vital role in bringing new innovations in planning and organizing banking operations". (Thingalaya 1981). The long journey of surveys of all the districts- then numbering about 340- began from there. Identification of unbanked centres in each of the districts was done in rounds, preparing their lists and assessing the credit needs of these villages. District

[1] Among them mention may be made of the following;
Mr. L D'Mello:, State Bank of India, Mr. P N Joshi: Bank of India, Dr. A C Shah: Bank of Baroda, Dr. G V Sathyamurthy: Canara Bank, Dr. N P Kurup: Punjab National Bank, Dr. S Vasudeva Shetty: Andhra Bank,
Mr. M A Deshpande: Union Bank of India,Mr. B B Shetty: Central Bank of India,

Consultative Committees were formed in all the districts. A new position of Lead District Managers (LDM) was created. The services of the bank economists were utilized for training the LDMs in conducting the field surveys.

It was an exciting experience visiting inaccessible villages and estimating the credit needs of the villagers. Preparing the reports for circulation among bankers and arranging bankers' meetings for the allocation of the identified villages for branch opening was done as a time bound programme. To me personally it was a rewarding experience to visit the unheard of villages in Meerut, Mathura and Moradabad districts in Uttar Pradesh and Gurgaon in Haryana. In the south, it was Anantapur, Kadappa, Kurnool and Nellore districts in Andhra Pradesh, Bellary, Bijapur, Belgaum, Dharwar and North Kanara districts in Karnataka and Cannanore district in Kerala. A voyage to the Lakshadweep islands remains fresh in my memory for the sea-sickness I have suffered.

The intensive survey of villages in different parts of the country provided me an insight into the complex problems of the rural economy. The diversities in socio-economic conditions of these villages and their perception of banking business were quite revealing. The indifference of illiterate farmers to banking in a remote village in Moradabad district and the inquisitiveness of their counterparts in coastal Andhra village were very revealing. There was no time to feel bored.

During the first couple of years after bank nationalisation a large number of rural branches started appearing on the banking map of the country. It was a very satisfying experience to see bank branches functioning in remote villages, some of which were devoid of basic civic and communication facilities. We were preparing in the Economic Research Department the maps of the lead districts of the Bank, indicating the locations of the new rural branches. Every addition was a joyous moment.

Assimilation of the economists in the hierarchy of banks was not a smooth process in some banks. The process differed from bank to bank, partly depending upon the perception of top man. When the chief economic adviser of State Bank of India managed to convene the Conference of bank economists on April 3rd and 4th 1975 in Bombay, the participants were keen to chalk out the path for the newly created departments to follow. Among the papers presented three were related to their functions:

1. Structure, Organisation and Functions of Economic Research Departments: Dr. V. T. Mathews, Bank of India
2. Role and Effectiveness of Economic Research Departments in Field Surveys: Dr. N. K. Thingalaya, Syndicate Bank
3. The Role of Economic Research Departments in regard to Lead Bank Responsibilities: Mr. D. N. Bhattacharya, United Bank of India.

Besides articulating about their role responsibilities, they were interested in exploring the prospects of their career development. This prompted them after the conference to seek the views of Mr. R K Talwar, chairman of SBI about the promotional prospects of bank economists. In his usual simplicity he replied that the economist can rise to the level of chief general manager in SBI. And Mr. D'Mello did become the CGM in SBI and many others followed.[2] During the next few years, the departments in most of the banks were strengthened with the additions of young economists and statisticians.

Morphing as Planners:

Economic Research Departments were set up in almost all public sector banks after bank nationalization. As far as the Reserve Bank of India was concerned, its **History** records that "A full fledged department of Research and Statistics was established at the close of the war". The reference was to the Second World War. It also asserts that "The Bank played a very useful role to encourage economic research as well as data mining of the country through financial as well

[2] Later on many of the economists rose to the position of Chairman and Managing Director of public sector banks. Dr. A C Shah became the CMD of Bank of Baroda; Mr. B B Shetty became the CMD of Vijaya Bank: Dr. N K Thingalaya became the CMD of Syndicate Bank: Mr. P N Joshi became the CMD of United Western Bank Ltd; and Dr. K C Chakravarty became CMD of Indian Bank and later CMD of Punjab National Bank; currently is the deputy governor of Reserve Bank of India.

as intellectual supports. Besides, the Bank gradually progressed to be a significant employer of economists and allied professionals."(Reserve Bank of India 2005) The Economic Research Departments of the public sector banks were involved in formulating the plans for the banks besides assisting the lead district mangers in preparing the district credit plans. Grass-root level planning exercise was being done by banks for over a decade covering all the rural and semi-urban branches, at a huge cost. The Reserve Bank was initially not very enthusiastic about the credit planning exercise, until the Rural Planning and Credit Department (RPCD) was set up. This department, under the guidance of Dr. H B Shivmaggi, Executive Director, was instrumental in refining the methodology to be employed by banks for credit estimation. It took some time for a few banks to accept the credit targets allocated to them in different districts under the credit planning exercise. On the whole, however, it was an interesting exercise in which the branch mangers were also involved to perform the role of planners, besides being purveyors of credit.

District Consultative Committees at the district level were set up in all districts to supervise and monitor the implementation of the District Credit Plans. These committees' meetings were presided over by District Collector or Deputy Commissioners and attended by the heads of all the district level developmental departments and senior bankers. It was an attempt to forge symbiotic relations between the bankers and the administrative machinery. Organising such meetings in all the lead districts of the Bank in the north and south provided me an opportunity to interact with a number of young IAS officers. NABARD was brought later into the district level planning exercise. Potential Linked Plans were prepared by the district level officers of NABARD for all districts.

No serious attempt appears to have been made so far to explore the feasibility of using the Service Area Credit Plans as the basis for deriving the priority sector targets. Over the years, however, District Credit Plans have almost degenerated into mere form-filling exercises.

Ferrying Banking to Lakshadweep:

The credit for introducing modern banking to Lakshadweep islands goes to Syndicate Bank. Needless to say that I had a role in this development. Under the Lead Bank Scheme, the Union Territory of Lakshadweep was allotted to Syndicate Bank and Canara Bank jointly in 1970 for extending banking facilities. After conducting a preliminary survey jointly for opening branches in the islands, Canara Bank opted out, as the scope for banking development was perceived to be very poor. I undertook a detailed survey of the islands and recommended that Syndicate Bank can take up the Lead Bank responsibility and open branches in the islands. Mr. K. K. Pai, chairman and managing director of the Bank, supported the proposal. Hence, Syndicate Bank became [redacted] the lead bank for the union territory. Entry of Syndicate Bank into Kavaratti in 1971, the seat of administration has triggered the spread of banking facilities. It was not a smooth sailing for the Bank to open a new chapter on banking in these islands isolated from the main land's economic development. Investments made by the Government on the development of infrastructure and communication facilities have largely contributed to the process of change.

The economy of Lakshadweep group of islands was like Robinson Crusoe type of economy half a century ago, depending more on barter trade with the mainland. Money as a medium of exchange was almost irrelevant there. More than seven decades ago Prof. D H Robertson, the British monetary economist, who visited these islands in 1931, has recorded his impressions in an article, *A Visit to Laccadive Islands*, as the last chapter in his book *Essays in Monetary Theory*(Robertson DH 1931). Observing the prevalence of barter trade very prominently, he has observed, "Rice is not brought for money, but is bartered by the Government, at a fixed rate of interchange, for the coir or coconut hair, which is the staple product of the islanders, and over which the Government has a monopoly". The geographic peculiarities have compelled the islanders to depend upon the mainland for their food supply and huge quantities were to be stored in each of the island, since during the monsoon practically the islands were totally cut off from the mainland. Coconut was the only crop grown in there, while fishing was the other source of food. "Coconut," the monetary economist readily recognized, "is the central institution of the islands. It can be eaten and drunk; and after it has been duly shorn for the benefit of the government, it can be traded on the mainland for clothes and other superfluities of life".

Syndicate Bank has extended its branch network covering nine islands by opening nine branches since 1971. It was the single bank in this union territory till recently. State Bank of India has entered Kavaratti in April 2005. With two public sectors operating in the Islands with 11 branches, deposits have grown impressively to Rs.428 crore as on March 2010. Advances are however only Rs.32 crore. During the last decade, the number of deposit accounts has increased from 20,105 to 43,430. For a total population of 60,595, the number of deposit accounts is incredibly high. If the total number of households – 9,240 – is taken for comparison instead of the total population, then each household appears to have more than four deposits accounts.

Today banking habits are more wide spread in these islands than that in some states, where money was in use for many centuries. From barter to banking appears to be a surprising transformation, which has taken place during the last three decades. Census of India 2001 provides evidence to this transformation.

Introducing *Pigmy* to World Bank:

Pigmy deposit scheme is a tiny deposit scheme started by Syndicate Bank as early as in 1928. It was tailored to the needs of the poor wage-earners, petty traders and low income group members, who could not afford to enter the bank branches with their meager savings, if any. Bank was collecting daily from the door steps of the people of very small means, an amount as little as Re.0.25 through the specially appointed collectors, who were paid commission for their collections. Loans, equivalent to twice the amount saved, were given to the savers, without any additional collateral. This scheme was very useful in helping a large number of people from the lower strata of the rural society to improve their living conditions. It has provided a wider customer base for the Bank, which was considering it as the ***Small Man's Big Bank.*** Nearly 7000 Pigmy collectors were in the field, all over the country, wherever the Bank opened its branches, be it in Andaman Islands, Assam in the northeast or in Lakshadweep islands. Its acceptability in rural as well as urban areas has been its hallmark. Pigmy collectors were the brand ambassadors of the Bank and they were also the source for gathering market information. There were instances, where the commission earned by some of the enterprising among them was higher than the salary of the manger of the branch to which the Pigmy collector was attached.

In 1976, Dr. V V Bhatt of the World Bank's Development Economics Department took some interest in the novelty of this tiny deposit scheme. He was earlier a Reserve Bank of India nominee director of Syndicate Bank and hence was aware of the popularity of this deposit scheme. He gave to the Bank a project: ***Innovations in Banking: Syndicate's Experience*** with a small research grant. I was made the consultant and was entrusted with the task of undertaking this research work to explain the economics of Pigmy deposit and its direct and indirect advantages to both the Bank and the small depositors. About seven percent of the Bank's deposits originated from these deposits at relatively lower cost and the Bank was able to reach out to a large number of customers, who grew with the Bank.

The research report was submitted to the World Bank in 1977 and I was asked to go over to Washington on

August 16, 1977 for a week to explain the salient features of the innovative scheme to various functionaries at the World Bank. Under the guidance of Dr. Bhatt, I met a number of senior economists of the World Bank and International Monetary Fund. Among them were; Dr. A C Chandavarkar of IMF and Sri. Jairam Ramesh at World Bank, who is now the Minister for Environment, Government of India. The project report was published later under the Domestic Finance Studies series. (Thingalaya 1978)

Syndicate Bank has launched a new version of the Pigmy deposit scheme recently making the old scheme more customer-friendly. It is renamed as Pigmy Plus 2007. The minimum daily collection is raised to Rs.5 and the maturity period is 72 months. There is the built-in facility of converting the deposits accumulated after a year into a term deposit. Loans could be obtained up to 75 percent of the total deposits. Financial inclusion would be operationally more meaningful with Pigmy becoming a universal scheme of thrift and credit. Creation of wealth from the bottom of the pyramid then becomes a reality.

Incidentally, ***Pigmy Economic Review*** was the name of the monthly economic review of the Bank, of which I was the editor from 1967 to 1997.

Organising Bank Economists' Conferences:

Bank economists conceived the idea of organising annual conferences for discussing many operational issues and to develop skills to face the new challenges of the expanding banking sector. They hardly get opportunities to make presentations about their research findings to the top management team. It was felt that conferences should be hosted by each bank, where the bank economists would have the opportunity to make presentation of their research papers in the presence of their chairman and other executives. It was also thought of inviting the officers of the Reserve Bank of India.

A beginning in this direction was made in Manipal in 1980. Mr. R Raghupathi, the chairman and managing director of Syndicate Bank supported this idea, giving me *carte blanch* support to organize the conference. The conference was inaugurated by Dr. I G Patel, Governor of Reserve Bank of India and Dr. K S Krishnaswamy, Deputy Governor delivered the valedictory address. The two days conference was attended by Mr. Eknath Kamath, CMD, Canara Bank, Mr. N N Pai, custodian, Corporation Bank, Mr. B L Paranjape, ex-CMD, Union Bank of India, Mr. O P Gupta, ex-CMD Punjab National Bank. Over 35 economists from different banks participated. Dr. N A Mujumdar, Adviser Reserve Bank of India, Mr. D. C Rao, special adviser RBI, Ms. Nalini Ambegaonkar, adviser RBI and Mr. L D'Mello, chief economic adviser, State Bank of India were the rapporteurs. The deliberations were edited by me and published by Macmillan India Ltd. ***This was the trend setter.***

The Bank Economists Conferences became an annual feature thereafter, hosted by different banks in different places. A convention was built up to invite the Governor of Reserve Bank of India for inauguration and Deputy Governor for valedictory session. When the CMDs took interest in obtaining mileage from these events, extravagance of holding them in five star hotels became a routine affair. The host bank started accommodating many bank chairmen, by inviting them to chair some sessions. Papers presented in the conferences were published, adding to the growing literature on banking research. While the Governors and Deputy Governors were regular in attending these conferences, the participation by the research staff from the Reserve Bank was not noticeable. One notable exception was of Dr. Narendra Jadhav, the then Director, Department of Economic Analysis and Policy who attended the conference organized by Union Bank of India in 1994 and edited the proceedings of the conference (Narendra Jadhav 1996).

Prof. R D Pandya, chief secretary of the Indian Institute of Banking extended institutional support to the bank economists' group in approaching bank chairmen for hosting the conferences. Twenty-five annual conferences were hosted by different banks till December 2003. Proceedings of most of these conferences were published by the respective banks. Containing the research papers presented and the talks delivered at the conference, these books became very valuable additions to the literature on banking development in India. The conferences were branded as **BECON- Bank Economists' Conference.** Wide media coverage was ensured by some banks.

I had the privilege of attending and actively participating in 23 of these conferences from the beginning. After my retirement also I have attended the five conferences hosted by five banks. I consider myself fortunate to be officially invited by the organising banks even after I was not in active service. The ***last conference*** was hosted by Union Bank of India in December 2003 in the luxurious ambience of ITC Grand Maratha Sheraton Hotel in Mumbai. It was indeed held in grand style, but none of us attending it anticipated the swan song at the end of the conference.

Bank chairmen's interest in these annual events has risen to such an extent that it finally became the Bank Chief Executives' Conference. Indian Banks' Association, which entered the scene much later as a coordinator, like the proverbial Arab's camel entering the tent, eased out the bank economists totally in 2003. At the end of the 25th conference, after vote of thanks was proposed, an announcement was made that it was the last conference of Bank Economists. It was an obituary of a tradition carefully built by a group of bank economists over the decades.

Responding to the Regulator's Requirements:

When from research and planning I graduated into operations as General Manager in the credit department, my interactions with the Reserve Bank of India increased largely. Our Bank was then operating with very high credit-deposit ratio, much more than what could be tolerated by the regulator. It became my responsibility to bring down this ratio. The sanctioning power of all branches very kept in abeyance and they were required to obtain clearance from the resource angle before sanctioning credit limits, big or small. In every meeting with the RBI, Dr. S.S. Tarapore was insisting that the c-d ratio should be brought down to be on par with that of the banking sector. Controlling credit expansion, even where it was need-based, was an unpleasant task, which I had to undertake for a couple of years. In the eyes of most of the branch managers of the Bank, I became the mythological serpent guarding the precious treasury. But we succeeded in controlling credit expansion.

In November 1987, Mr. R N Malhothra, Governor of RBI, suggested that the senior executives of all banks may go to some rural branches *incognito* to make a realistic assessment of the impact made by rural banking in the villages. The idea was to obtain first-hand information about the efficiency of some of the credit measures implemented by banks over the years. In Syndicate Bank, I was assigned the task of undertaking this work in the coastal districts of Karnataka. This gave me an opportunity to visit quite a few villages in Uttar Kannada district and to interact with the beneficiaries of many of the populist credit programmes in vogue. The real picture of the impact of Integrated Rural Development Programme, the Million Wells Programme and the Gobar gas plants emerged in tit bits. It was learnt that the report submitted by Syndicate Bank was one of best reports.

Another important activity directed from the Mint Street, which kept the top management of banks and the economists busy was the Memorandum of Understanding signed by every public sector bank with the RBI. Banks were asked to formulate their own developmental plans incorporating all operational details and to monitor the progress on a quarterly basis. The Governor himself presided over the quarterly review meetings along with the senior functionaries and the CMD and his team of executives. Preparing the reports and attending the meetings along with CMD was a good experience for me. As these meetings were held in a time-bound programme, some meetings were held even on Sundays. I remember one of our Bank's meetings was held on a Sunday afternoon extending till late in the evening. It was not a fault finding exercise, but more of an educative process, where the Bank was advised to initiate corrective steps, wherever required. For the first time, among the various parameters, which received the focus, was the number of loss incurring branches. The interactions were very useful to me personally.

Looking Back:

The three decades that I have spent in the banking sector were a rewarding experience for a rural economist like me, though not very remunerative financially. For one with leanings towards Gandhian economics, rural development was a dear subject. Working in a rural-oriented bank like Syndicate Bank gave me enough opportunities to articulate my rural bias in many of its activities. The promotion of gramin banks was one of the most satisfying experiences of my professional life. The gramin banks sponsored by Syndicate Bank were efficiently managed and they have been considered as role models.

After acquiring a degree in the ***dismal science***, I was aspiring to opt for an academic career to become a worshipper of ***Saraswathi***, the Goddess of Learning. Fate decided otherwise to make me a servant of the worshippers of ***Lakshmi***, the Goddess of Wealth. But that gave me an opportunity to obtain an insight into the ground realities of rural India, the real India.(Thingalaya 1986) I realized that rural banking can be made as an instrument for mitigating the pangs of poverty, if not its complete elimination. Though I was not able to wipe out the tears of many, I was fortunate to see some smiling faces in rural India.

References:

*Narendra Jadhav (1996); **Challenges to Indian Banking,** published by Macmillan India Ltd, New Delhi.*

*Robertson DH (1931): **Essays in Monetary Theory,** published by Asia Publishing House, 1962 edition, Mumbai*

*Reserve Bank of India (2005): **Reserve Bank of India: Volume 3, 1967-1981**, published by Reserve Bank of India,*

Mumbai

*Sumantra Ghoshal et al (2000): **Managing Radical Changes- What Indian Companies must do to become World Class,** published by Viking, Penguin Books India (P) Ltd, New Delhi.*

*Subbarao D (2009): Should Banking Be Made Boring? - An Indian Perspective, in **Reserve Bank of India Bulletin** December 2009, Mumbai.*

Thingalaya N K. (1978): Innovations in Banking: Syndicate's Experience, Domestic Finance Studies, World Bank Washington

*(1981): **On Bankers and Economists**, published by Macmillan India Ltd, Bangalore.*

*—(1986): **Rural India- Real India**, published by Himalaya Publishing House, Mumbai.*

*—(1999):**The Banking Saga - History of South Kanara Banks,** published by Corporation Bank Economic Development Foundation, Mangalore.*

*—(2000):Target Approach in Rural Lending in **The Other side of Rural Banking**, published by Bankers Institute of Rural Development, Lucknow.*

*—(2001):**Gramin Banks in India: A Reassessment**, published by Justice K S Hegde Institute of Management, Nitte, Mangalore*

*—(2003): Bank Economists Conference- Banks' Think Tank Overflows in **Industrial Economist** 30 December-14 January 2004, Chennai*

*—(2007): Annals of a Central Bank-Meticulously Documented in **The Indian Economic Journal** April-June 2007, New Delhi.*

*—(2010) **Gramin Banks Bounce Back**. published by Justice K S Hegde Institute of Management Nitte, Mangalore*