

"Performance of Lead Bank Scheme in the Thane District."



Management

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ABSTRACT

For development of Indian economy there is requirement of fulfillment of credit gaps and mobilization of funds and need to provide credit facility to everyone. Reserve Bank of India has taken initiative in development by introducing lead bank scheme in 1969. It has main aim to provide credit for rural area for development of small scale businesses, farming activity and subsequently financial development of that area.

The lead bank formulates District Credit Plans for a period of three years and also Annual Credit Plan in December each year. The Lead Bank for Thane District is Bank of Maharashtra. The research study includes study of sector wise credit allocation in Thane district for the year 2009/10 to 2012/13 and study focuses on the activities of lead bank in Thane.

Introduction:

The National Credit Council appointed a study group on the organizational framework for the implementation of social objectives in Oct 1968 under the Chairmanship of Prof. D R Gadgil. The Banking needs of the rural areas in general and backward in particular were not taken care of by the Commercial Banks. Besides, the credit needs of Agriculture, SSI and allied activities remained neglected. Therefore, the group recommended the adoption of an area approach for bridging the spatial and structural credit gaps.

On the basis of the recommendations of both the Gadgil Study Group and Banker's Committee (Nariman Committee) Reserve Bank of India introduced the "Lead Bank Scheme" towards the end of 1969. To enable banks to assume their lead role in an effective and systematic manner, all districts in the country were allotted among Public Sector Banks and a few Private Sector Banks

The Lead bank role is to act as a consortium leader for co-ordinating the efforts of all credit institutions in each of the allotted districts for expansion of branch banking facilities and for meeting the credit needs of the rural economy. Preparation of District Credit Plans, and monitoring their implementation. A Lead bank Officer (LBO) now designated as Lead District Manager. Following is role of Lead District Manager.

Role of Lead District Manager in the District:

- Collection of various data from Scheduled Commercial Banks, Regional Rural Banks, Co-operative Banks, other banks and various government agencies.
- Monitoring the implementation of annual credit plan and various Government Sponsored Schemes in the district.
- To raise the issue in order to impart requisite infrastructure in order to achieve Annual Credit Plan effectively. He should also play a leading role in poverty alleviation programs launched by the State/Central Government.
- Preparation of Annual Credit Plan for the district.

Literature Review:

1. Book on "Lead Bank Scheme – A New horizon for Development" by Renu Janata, focuses on all aspects of Lead bank Scheme and linked to the development of targeted area.
2. Research Paper on, "Financial Inclusion in Gujarat: A Study on Banker's Initiatives" by Mr. Nanjibhai D. Ranparia includes study of various financial inclusion and to evaluate progress and current status of financial inclusion of the state.
3. Research paper on "Performance of Lead Bank Scheme in Virundhunagar District in Tamilnadu" by A.Surendran and Dr B. Manoharan. Study mainly focus on Lead Bank Scheme and evaluates sector wise contribution in providing rural credit of commercial banks and Indian Overseas bank set

by District Credit Plan.

4. Ph D thesis on "An economic analysis of priority sector lending under lead bank scheme in the union territory" by S.Kanangasabai submitted to pondicherry. focuses on priority Sector lending

Analysis:

Table No 1: Performance of Lead Bank of Thane District for the year 2009/10 and 2010/11.

Amount in Thousand

Particular	Year 2009/10			Year 2010/11		
	Target	Achieved	% Achieved	Target	Achieved	% Achieved
Agriculture and allied	154.71	237.51	154	401.16	246.71	62
NFS	342.39	348.73	102	520.08	584.01	112
Other priority Sec	1162.81	1247.68	107	1919.06	2074.38	108
Total priority Sector	1659.91	1833.93	110	2840.30	2905.10	102

Source: Annual credit Plan, Thane district 2013/2014 Bank Of Maharashtra, Lead Bank.

Table No 2: Performance of Lead Bank of Thane District for the year 2011/12 and 2012/13.

Amount in Thousand

Particular	Year 2011/1012			Year 2012/1013		
	Target	Achieved	% Achieved	Target	Achieved	% Achieved
Agriculture and allied	307.59	249.73	82	402.57	475.39	140
NFS	720.92	597.11	83	451.63	687.73	152
Other priority Sec	2455.98	2694.45	109	2163.20	2203.99	102
Total priority Sector	3484.00	3541.30	101	2017.40	3367.11	110

Source: Annual credit Plan, Thane district 2013/2014 Bank Of Maharashtra, Lead Bank.

Interpretation:

Above table indicates the sector wise rural credit targeted and achieved for the year 2009 to 2013. Percentage achieved is cal-

culated for every sector in the given year. For agriculture and allied businesses there is more achievement than targeted in year 2009/10 and 2012/13. But in 2011/12 achievement is less. In the year 2010/11 it is very low. In the NFS Sector there is more achievement in every year except in the year 2011/12. For the Other Priority Sector there is percentage achievement is more than 100 for each year.

Lead Bank Activity: Thane District

1. According to Reserve Bank of India's guidelines of Lead Bank Scheme, 'Financial inclusion' project is running in Thane district. Under this project all families of all villages in district expected to open an account in nearest bank. Due to this banking service will reach to everyone & everyone can take benefit of loan and deposits.
2. In Thane district, 108597 total numbers of saving accounts are opened as no frill account i.e. opening account with nil or very low balance.
3. If there is no bank branch in nearby area of any village which has population more than 2000 then the nearest bank should open a new branch in that village or through business correspondence of banks, basic service should be provided to people. Bank of Maharashtra has selected 208 such villages and distributed to respective nearer bank.
4. In financial inclusion along with the opening of account other services are provided to the people like, establishment of SHG, to give loan to SHG, to establish farmer groups in different villages, to give loan to rural crafts man and small workman, to give benefit of insurance policy etc.
5. In Thane district total no of 8360 Small help Groups got 40.80 carare of loan.
6. Different banks have established farmer group in different region. These groups are registered in NABARD and all groups are getting grant from NABARD.
7. According to Reserve Bank of India every district should start financial literacy and loan counseling Center under the Lead Bank Scheme. Bank of Maharashtra provided the place to establish office for this activity. Soon this counseling cell will start. All farmer, adivasi, rural craft men, small businessman will get guidance about loan and different benefit of government through this cell.

Findings:

1. Lead Bank helps to link the financial excluded segment with banking system.
2. There is all priority and other priority sectors are considered for giving credit facility for development.
3. In the year 2009/10 achievement in credit given is more than the targeted amount for every sector.
4. In the year 2010/11 for agriculture and allied business activities there is only 60% of achievement.
5. In the year 2011/12 there is 82% and 83 % of achievement for agriculture and NFS sector resp.
6. Both agriculture and NFS sector has more achievement than targeted for the year 2012/13.
7. For other priority sector, achievement is more than targeted amount for every year.
8. Bank of Maharashtra reaching to 208 villages with basic banking Services to the people.
9. 108597 total numbers of saving accounts are opened as no frill account and along with it other services are made available.
10. Bank of Maharashtra soon starting loan counseling and financial literacy center.

Conclusion:

The primary responsibility of the lead banks is to identify the unbanked centers and take measures for opening branches to reduce the regional imbalances in the banking facilities. They have to prepare district credit plans, consisting of technically feasible and economically viable schemes for the development of the districts. It acts as a link between banking and other developmental activities in the country. It is clear that the Lead Bank has a greater impact on the country's economic development. The scheme has been made successful in providing credit to the weaker sections of the society and promoting coordination among different agencies for the development of the country.

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