

A Study of Lead Bank Scheme in India with special reference to Meerut district of Uttar Pradesh

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ABSTRACT

For the development of economy there is a requirement of fulfillment of credit gaps and mobilization of funds and provide the funds to everyone who is needy. The concept of lead bank scheme in 1969 in India through the efforts of Reserve Bank of India. The main of the Lead Bank is to provide the credit facility for the development of small scale business, farming activity and financial development of that area. The present paper will give the general outlook and conceptual study of the Lead Bank and Lead Bank Schemes performance in India.

Key Words- Lead Bank Scheme, credit gaps, financial development

INTRODUCTION

The Banking industry in India has made considerable progress especially during the last 3 decades, to emerge as one of the accredited agencies of rural development. This study pointed out the role of Lead Bank Scheme (LBS) is useful for the development of the economy especially in the backward area. The lead bank schemes provide a new strategy of banking and area development in the branch expansion program of banks in the post nationalization phase of banking growth in the country. The function of the lead banks is especially in the backward area to co-ordinate the efforts of all other commercial banks, financial institutions and other development agencies for bringing about the overall development of the districts. The Lead bank role is to act as a consortium leader for co-coordinating 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.

OBJECTIVE OF THE STUDY

1. To study the functions of lead banks in India.
2. To study the roles of lead district managers for develop the lead banking system in India.
3. To study the types of loan and purpose of loan preferred by the respondents.

RESEARCH METHODOLOGY

The study used primary and secondary data for analysis according to the objective set out in the study. Primary data collected by the interview method of respondents. Secondary data were collected from the websites and subject books. The present study covered the Meerut district of Uttar Pradesh. The sample size is 100 respondents consisting from the customer of lead banks.

FUNCTIONS OF LEAD BANKS

Following functions are performed by the Lead Banks in India are as follows:

- To evolve an integrated credit plan by examine the shortage of marketing facilities for agricultural produce and industrial output stocking of fertilizers and other agriculture inputs and other services catering to local needs.
- To identify and study local problems.
- For the appointment and training of banking staff to advise the small borrower and peasants in priority sector and to follow and visit the banks credit usage.
- Assessment of resources and feasibility for banking development by identifying the unified centers of allocated districts.
- To keep regular contact and communication with government and semi-government organizations.

- To set up branch in a step manner.
- To support of other primary lending agencies.
- To study the facilities for stocking of fertilizers and other agricultural inputs and repairing and servicing of equipments.
- To recruit and train staff for offering advice to small borrowers and farmers in the priority sectors and for the follow-up and inspection of the end use of loans and assist other primary lending agencies.

ROLE OF LEAD DISTRICT MANAGERS (LDMS)

As the effectiveness of the Lead Bank Scheme depends on the dynamism of the District Collectors and the Lead District Managers (LDMs), with supportive role of the Regional/Zonal Office, the office of LDM should be sufficiently strengthened with appropriate infrastructural support being the focal point for successful implementation of the Lead Bank Scheme. Officers of appropriate level and attitude should be posted as LDMs. Apart from the usual role of LDMs like convening meetings of the DCC/DLRC and periodical meetings of DDM/LDO/ Government officials for resolving outstanding issues etc., the new functions envisaged for LDMs include the following:

1. Drawing up and monitoring the road map for banking penetration;
2. Monitoring implementation of district credit plan;
3. Associate with the setting up of Financial Literacy Centers (FLCs), RSETIs by banks;
4. Associate with organizing financial literacy camps by FLCs and rural branches of banks;
5. Holding annual sensitization workshops for banks and Government officials with participation by NGOs/ Panchayati Raj Institutions (PRIs);
6. Arranging for quarterly awareness and feedback public meetings, grievance redressal etc.

Purpose of Loans

People borrow the money for various purposes like Agriculture, business, Employment and other activity. The data about the purpose of loan were collected from the respondents and presented in below table

Classification of Loans

SNo	Purpose of Loans	No.of respondents	Percentage
1.	Business	66	66
2.	Self Employment	12	12
3.	Agriculture	19	19
4.	Other	03	03
	Total	100	100

Source: Primary Data

From the above table observed that 66% borrowing for the purpose of business, 19% borrowing from the respondents for the purpose of agriculture, 12% borrowing for the purpose of self-employments and only 3% borrowing for the purpose of other activities.

Types of Loan

The government sponsored programme under the lead bank scheme various loan provided by the lead bank for the respondents are presented in the below table:

Types of loans

S.No	Types of loans	No. of respondents	Percentage
1.	Poverty Alleviation and Income Generation scheme sc/ st /others	24	24
2.	Self-Help Group schemes	41	41
3.	Prime Minister employment generation schemes	16	16
4.	Kisan Credit card scheme	04	04
5.	Swaranjanthi Gram Swarozgar Yojana	13	13
6.	Others	02	02
	Total	100	100

Source: Primary Data

From the above Table, it is found that out of 100 respondents, 16 per cent of the respondents are selected in Prime minister employment generation programme, 13 per cent of the respondents are selected in Swaranjanthi Gram Swarozgar Yojana, 24 per cent of the respondents are selected in Poverty alleviation and income generation schemes, 41 per cent of the respondents are selected in Self-Help Group schemes and 4 per cent & 2 per cent in Kisan credit card scheme & others.

CONCLUSION

We may conclude that the schemes of lead banks in India are quite successful. The lead banks are important for develop the small businessmen, farmers and others. It is found that the economic condition, social condition and personal development has been changed after the after availing the lead bank schemes.

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