ROLE OF LEAD BANKS IN THE SOCIO-ECONOMIC DEVELOPMENT OF WESTERN U.P.
(A CASE STUDY OF DISTRICT MUZAFFARNAGAR)

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PURPOSE OF STUDY

So far economic development in our country has been lopsided despite planning having accepted as an instrument of economic change. This phenomenon is clearly reflected in glaring regional imbalances in economic development. After the introduction of social control over commercial banks in 1967, the question was raised as to, how the commercial banks could contribute to bridge the gaps in regional economic growth. The National Credit Council constituted, as a part of social control over commercial banks to study the credit need of various sectors of the economy so as to deploy and allocate such credit as would promote economic growth, especially in backward areas of the country. The National Credit Council therefore, set up a Study Group to analysis this problem and make appropriate recommendations. This study recognizing the necessity of an organizational framework for the implementation of social objectives recommended an “Area Approach” to be followed by commercial banks to promote economic development of backward areas of the country. In the light of the recommendations of the study group, the Reserve Bank of India
constituted a committed under the chairmanship of Mr. T.K.F. Nariman in 1969. This committee recommended a scheme to involve commercial banks, co-operative institutions government and semi government agencies in the area in the process of economic development. The Reserve Bank of India introduced the scheme known as Lead Bank Scheme in December 1969.

**OBJECTIVES OF THE STUDY**

The main objective of this present study is to critically examine the working of the Lead Bank Scheme in District Muzaffarnagar in Western U.P. in respect of financing agriculture, allied activities and also the non-farm sector of this under-developed district.

In particular, the following objectives will be kept in view:

1. To highlight the importance of agriculture in India with special reference in District Muzaffarnagar;
2. To review the position under pre-district credit planning and the progress made in the post district credit-planning phase of the Lead Bank Scheme;
3. To evaluate the working of the Lead Bank Scheme in District Muzaffarnagar and credit provided to agriculture under the credit plans;

4. To trace out the problem encountered by the different financial institutions in the implementation of the scheme;

5. To make fruitful suggestions to make the Lead Bank Scheme more helpful in providing credit in agriculture and allied activities including non-farm sector.

RESEARCH HYPOTHESIS

1. Government sponsored schemes have been successfully implemented through the Lead Bank Scheme;

2. Rate of agricultural growth has accelerated in this area;

3. Lead Bank Scheme has been beneficial to the farmers and consumers;

4. Lead Bank Scheme has improved the standard of living of rural and semi urban masses as also contributed to their prosperity;

5. “Area Approach” of Lead Bank Scheme has given a new direction to the development;
6. Every sector of the district economy has been provided adequate financial resources and therefore all round development could be possible through the Lead Bank Scheme.

**RESEARCH METHODOLOGY**

The study is based on primary as well as secondary data. It will be conducted by and large on the basis of visits to the various rural and semi urban areas covered under the Lead Bank Scheme. Secondary data on various aspects of the scheme will be gleaned from standard books and journals on the subject.

A number of beneficiaries will also be interviewed to know their views on the help provided to them under the Lead Bank Scheme. Secondary data will be obtained from published sources such as the Annual Reports of the Lead Bank, Reserve Bank of India bulletins, Annual Reports of Reserve Bank of India as well as its reports on trends and progress of banking in India of various years and booklets containing the guidelines issued to lead banks from time to time.

Data regarding district Muzaffarnagar will be collected from the District Statistical Office concerned in order to assess the justification of
the survey work done by the Lead Bank in the district. Lead Bank survey reports of different blocks in district Muzaffarnagar will also be studied. Results obtained will be analysed by using statistical tools and techniques such as tabulation, classification, average, diagrams, graphs and various ratios.

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