CHAPTER –I

INTRODUCTION

In this Introductory chapter an attempt has been made to highlight the role of banking system in India before and after the independence period. The emergence and the role of SBH as Lead bank for rural development with special reference to Nizamabad district of Andhra Pradesh (AP) state now knows as Telangana state and chapter also covers research methodology.

1.1 INTRODUCTION :

India is a large continent spread over from the Himalaya’s in the North to the Indian Ocean at the South, and from the Arabian Sea in the West to the Bay of Bengal in the East. The primary occupation of the people of India is agriculture. It is also traditional occupation in this country. The livelihood of majority of the masses comes from the profession of agriculture. The ancient Indians are the first in human civilization to discover the science of agriculture.

India obtained freedom on 15th August 1947 and celebrated its 69th Independence on 15th August 2015. The dawn of freedom not only brought in its train new horizons of hopes but also a number of problems such as the problem of poverty, un-employment, problem of huge growth in population percentage, lack of nutrition knowledge, problem of schooling, Issues related to habitations, problem of standard of living, and so on. These problems made it necessary to take immediate steps through the process of planning and development.

All these problems were associated with the issues of growth and development in areas both economic and non-economic. Agriculture being the primary occupation of the masses and all these problems were directly and indirectly related with agriculture. Mahatma Gandhi had rightly observed that the real India lives in villages. Thus the process of socio-economic growth and development relied to great extend on agricultural and other sector of the society for the economic growth and development of basic infra structure.

People in ancient India were agriculturist. References to agriculture are found in the Vedas. It includes hymns and prayers for good crop, cattle and rain. In Rig-Veda & also in Yajur-veda there are references to agriculture¹.

The Arthashastra of Kautilya², describes in detail how agriculture is the basic source of revenue for the state and what were the duties of the state for development
of agriculture. He made a provision for the special officer at the state level called ‘Superintendent of Agriculture’, ‘Revenue Collector’ and a ‘Superintendent of Agriculture Warehouses’ to look after the industry of agriculture. Indian agricultural produces like cotton, jute, sugar, goor (jaggery), etc. were exported to the western countries via the Sea Route through Constantinople.

The process of economic growth is complex and creates problems of adjustment in all sectors of the economy but especially so in agriculture. Agriculture is usually the oldest sector in the economy, characterized by a distinctive pattern of life and organization; life in attachment to land; in small units combining property, management and labour; engaging all or most of the family members in agricultural pursuits; and relatively isolated from the urban focus to modern economic growth.

All these characteristics make for obstacles to an easy transfer of properly trained and educated labour to other growth in employment sectors; to an adjustment of production to changing demand; to changes in scale and structure of farm units and to movement of capital out of agriculture. At the same time, unlike many obsolescent older sectors, agriculture has benefited from vigorous technological innovations, particularly in the developed countries since World War-II. There is thus a distinctive contrast between the technologically feasible agricultural production processes and the persistent pattern of production and life among large groups of small-scale farmers responding but slowly to pressure of low incomes.

Improvement in agricultural productivity in India is of paramount importance today, not merely because it provides food and other wage-goods to the rising population, but also because it ensures a strong base for the future development of the industrial sector. It has been very rightly pointed out that country is not poor because it is agricultural in nature. In fact, it is so because its agriculture is backward. The Indian agriculture, as is well known, has been starved of capital investment, firstly, because of the poverty or low levels of income of the farming community, and secondly, because agriculture has traditionally been considered ‘a way of life’ and not ‘a business proposition’.

Efforts to bring greater power to the Gram Panchayats were led by Dr. S. K. Dey, India’s first Community Development Minister. This was the year in which the Government of India launched the first community development project. The Balvantrai Mehta Committee recommended the formation of a three-tier, Panchayati
Raj system of rural local self-government, with the Gram Panchayat, Panchayat Samiti and Zilla Parishad as its components at the village, block and district levels respectively.

The aim was to decentralize the process of decision making. The 73rd amendment of the Constitution has carried the process of devolution further, and today we see many panchayats in the country participating actively and very constructively in the development process. While it is true that the effects of empowerment have not reached every corner of the country uniformly, and many regions are still to stand firmly on their feet, there is no doubt about the fact that participatory development has established itself firmly in the Indian context at the different components of the rural economy, agriculture remains the mainstay of the rural sector.

The compound growth rate in agricultural production has been 2.7 per cent per annum since independence. Since the first green revolution in the 1960’s the food grain production has increased significantly from 82 million tonnes in 1960-61 to 129 million tonnes in 1980-81 and 233 million tonnes in 2008-09.

However, the share of agriculture in the country’s GDP has declined from 48.7 in 1950 to 24.4 per cent in 1996-97 and further down 18.7 per cent in 2007. Further, our agricultural productivity continues to be low at 1.7 tons/ha as against the world’s average of 2.6 tons/ha, leave alone the world’s best of 4 to 5 tons/ha. This is a matter of concern, and scientists and planners are now advocating the launch of a second Green Revolution which will increase the yield of our crops substantially. If we could do it the first time, we certainly can do it once again.

Another area of concern is the fact that economic growth has not generated the desired number of jobs in the rural areas. One of the most ambitious projects on rural development, National Rural Employment Guarantee Scheme (NREGS) launched in February 2006 hopes to provide employment to millions of people in the rural areas thereby fueling economic growth, as well.

As India is celebrating 66 years of our Republic, it is necessary to travel back in history and see how issues of rural development have evolved over the years, and how some issues continue to be relevant even today. Lead Bank Scheme (LBS) makes a landmark in the history of rural development on the one hand and banking strategy on the other hand.
Banking is a financial service industry. It forms one of the significant sectors of the financial system of a nation. It plays a key role in the economic development of a nation. It works as a booster to the process of capital accumulation as well as industrial and economic growth. The Banking system provides a wide range of financial services and has many times rightly been referred to as departmental stores of finance. Dr. Desai\(^5\) (2000: 25) has rightly called the Indian Banking System as ‘the heart of the financial structure’.

The objective of the present researcher is to present an overall view of Indian banking system describing major trends and developments related to the banking industry after its nationalization of banks. The fundamental objective being only to impress the relevance of application of cost accounting principles and practices in the commercial banking industry in India in the changing business scenario.

1.2 LEAD BANK SCHEME:

Under the study of Lead Bank Scheme it was observed that the Social control over banks and subsequent nationalization was intended to bring about radical changes in approach towards banking services in order to ensure development of the economy in conformity with national priorities and objectives. At the time of nationalization, commercial banks were mainly concentrating on urban development/metropolitan centers.

Its therefore National credit council,(NCC) was appointed on Oct. 1969, a Study Group under the chairmanship of Prof. D. R. Gadgil\(^6\) to suggest an appropriate “Organizational Framework for the Implementation of Social objectives”. The study group drew attention to the fact that commercial banks did not have adequate presence in rural areas and also lacked the required rural orientation. As a result, the banking became the need of the rural areas in general and the backward regions in particular, could not be adequately taken care by commercial banks and the credit needs of rural sectors of the economy, such as agriculture, small scale industry and allied services remained virtually neglected and not given any importance by the banking sector and by observing the urgency for one of important sector the Study Group recommended Lead Bank Scheme.

After giving careful consideration to the recommendations of the Gadgil Study Group\(^7\) and the Nariman Committee, Reserve Bank of India, therefore, introduced towards the close of 1969, the “Lead Bank Scheme” for giving concrete shape to the
area approach to development. The basic aim of the Lead Bank Scheme is that individual banks should adopt particular districts for the mobilization of deposits in rural areas and the planned deployment of bank credit for the intensive and rapid economic growth in the country so as to reduce the regional imbalances and make possible a more equitable distribution of the fruits of economic growth.

1.3 FUNCTIONS OF LEAD BANK:

The banking sector has become an important part of nations growth, the lead bank scheme which started with the intention for rural development and adaption of villages by all the nationalized bank under these scheme which was the need of the time. The specific functions of the Lead Bank in a district are as follows:

(i) It helps in promoting and Surveying the resources and potential of banking in development of the district;

(ii) It also helps in Surveying the number of industrial and commercial units and the establishments, of the firms, which do not have banking accounts or depend mainly on money-lenders, private financiers, banayas chitty and increasing their own resources through the creation of surpluses from additional production financed from the banking system;

(iii) It builds up new habit of Examining the facilities for marketing of agricultural produce and industrial production, storage and warehousing space, ‘and linking of credit with marketing in the district;

(iv) It promotes the facilities for stocking of fertilizers and other agriculture inputs and repairing and servicing of equipments;

(v) It is also helping in finding the right candidate by Recruiting and training staff, by offering the best advice to small borrowers and farmers, in the priority sector, which may be covered by the proposed credit insurance schemes and for follow-up and inspection end-use of loans;

(vi) It also Assisting and educating other primary lending agencies; and

(vii) It provides an opportunity for Maintaining contact and liaison with Government and quasi-Government agencies.

The scheme aimed at a co-ordination between various financial/banking institutions in a given area with a view to achieve balanced economic growth and development of the nation, which will allow the last men in the last village to take the benefit of the government scheme as Gandhiji rightly said India lives in villages.
1.4 IMPLEMENTATION OF THE LEAD BANK SCHEME :
There have been different stages in the implementation of the Lead Bank Scheme are as follows:

1. Impressionistic Surveys
2. District Credit Plans
3. Reporting and Review - an Integral Aspect

These are the different stages of Lead Bank Scheme.

1.4.1 INSTITUTIONAL CO-ORDINATION
The Lead Bank Scheme is based upon co-ordination between various institutions. This includes:

1. District Consultative Committee (DCC)
2. Standing Committee of DCC
3. Block Level Committee
4. State and Regional Level Committees
* State Level Consultative Committees * Regional Consultative Committees
* State Level Banker’s Committee (SLBC)
5. High Power Committee

After nationalization the of 14 commercial banks Lead Bank Scheme was introduced. The Lead Bank Scheme (LBS) was introduced by Reserve Bank in 1969 when designated banks were made key instruments for local development and entrusted with the responsibility of identifying growth centers, assessing deposit potential and credit gaps and evolving a coordinated approach for credit deployment in each district, in concert with other banks and other agencies.

The LBS underwent significant transformation in 1989 when the Service Area Approach (SAA) was dovetailed into the scheme. Subsequently, as it was observed that the service area restrictions were a limiting factor for credit deployment, the restrictive provisions were removed in 2004, except for the Government Sponsored programmes. As at March 2009, there were 26 banks, mostly in the public sector, which have been assigned lead responsibility in 622 districts of the country. Considering this background the researcher has selected the research topic.
1.5 STATEMENT OF THE PROBLEM, SIGNIFICANCE & NEED OF THE STUDY:

Indian economy is basically a rural economy. Rural economic structure is based upon the following:


These are, in brief, the basic components of rural economy that has been managed in a traditional way. The new methods of production that have been discovered by the scientific revolution during the last few centuries have resulted in a collapse of the rural economic structure. This has created the problems of rural development which can be briefly stated as follows:

1. Problems of Rural Infrastructure
2. Problems of Agricultural Development
3. Problems of Rural Industrialization including Artisans
4. Problems of Rural Indebtedness
5. Problems of Rural Schooling & Education
6. Problems of Rural Socio-economic Structure
7. Problems of Approaches & Attitudes of rural masses

This is not an exhaustive list. However, all other problems are somehow related with the above categories.

Banking plays a major role in economic development and rural India is not an exception to this. The constitution of India adopted a socialistic pattern of society in the Directive Principles of State Policy. One of the necessary outcomes of this philosophy of socialization was Nationalization of major industries in India during the reign of then Prime Minister Smt. Indira Gandhi and as a result 14 major banks were Nationalized in 1969. This was done with the sole objective of directing the financial resources to priority sectors which included:


Rural economy of India is somehow related with all these priority sectors. Thus, new avenues of development were developed after Nationalization and Lead Bank Scheme was one of the outcome of this process of socialization for rural development.
The main reason for the backwardness of rural India may be attributed to neglect of long-term credit to the rural sector of the economy. To improve the productivity of our agriculture and to free the cultivators from the vicious circle of poverty, a breakthrough has to be achieved by supplying adequate amounts of long-term invisible funds to the cultivators in the country.

The profession of agriculture, though not recognized as of equal status with that of an industry, yet it was included in the priority sector of the economy along with small-scale industries, small business, and export sectors, helped changing attitudes and approaches towards agriculture in the process of five-year plans. Subsidies were extended for various agricultural products on a mass scale.

The whole banking system is geared up for extending credit to various agricultural and allied activities. Therefore, the issue of credit with reference to agriculture in India attracts utmost importance while studying the trends and progress of development of agriculture in the Indian economy.

Rural indebtedness has remained a severe problem through ages. An Indian farmer borrows money from relatives, moneylenders and banks, but he is not able to repay his debts. The debt goes on increasing and ultimately he has to repay it by selling out his land of these problems the problem of Rural Indebtedness is the key problem around which other problems are circulation the vicious cycle of poverty starts from indebtedness. The problem is also associated with present topic of research. Therefore the research has discussed the issue here at some length.

The data on indebtedness is available in the form of All India Debts and Investment Survey (AIDIS)\(^\text{10}\). The Reserve Bank of India (RBI) Conducts AIDI surveys at every ten years. The first survey was conducted in 1951 and the latest survey available is of 1991. The first two surveys were extensively conducted and attempted at valid and reliable estimates of debt, investment and fifth surveys also included urban households. The surveys have concluded certain important points. During the course of time institutional indebtedness has increased. An overall analysis of trends leads to following conclusions.

Institutional credit is becoming more significant for all rural households. After nationalization of leading banks in 1969, they have played a leading role in lending money to rural households, to cultivators as well as non-cultivators. To a large extent, they have overtaken the co-operative societies/banks, which were the traditional
institutional sources. The Central Government has initiated several measures to make available institutional credit to farmers at lower affordable rate of interest.

Despite the claims of containing the crisis by the Congress government in Andhra Pradesh after initiating a number of ad-hoc measures such as interest waiver, moratorium on debts, waiver of electricity dues, providing free power for agriculture use, streamlining seed supply etc., farmers’ suicides still continue in Telangana and Rayalaseema regions of the state.

The official figures put the number of suicides at 1,261 till March 2006, during two years of Congress rule in the state. It is said that on an average, three to five suicides are being reported every week in the state. The same is the fate of farmers in Karnataka and till now largest number of farmers’ suicides occurred in this state.

Agriculture is almost becoming obsolete in Punjab. There are attempts to pump in more agricultural credit and other ad-hoc interventions to salvage the situation. Time and again this has misfired. It is only like tightening the noose around the neck of already debt-ridden farmers. The basic cause for the malady lies elsewhere.

The farming community in India is exposed to the volatility of international market under the World Trade Organization (WTO) regime, thanks to the policy of bringing in a range of agricultural commodities under the Open General Licence imports. Planning Commission member Abhijit Sen says: “Clearly, even across regions, the most common problem is the essentially high level of debt relative to incomes. Between the last two NSS surveys, both debt to Gross Domestic Product (GDP) and debt to consumption ratios for farmers have simply doubled.

Also, the highest suicides are in the regions with the highest debt. Most of them are also in cotton belts in the case of Maharashtra, Andhra and even Karnataka, while in Kerala, it’s spices like black pepper. These are cash crops which suffer from highly volatile prices and need superior market and technical knowledge. When the unaware farmer diversifies into a cash crop lured by high prices in a particular year, it’s like entering the stock market when the prices are unrealistic; you can face a crash the next year.”

In Andhra Pradesh, Karnataka and Maharashtra the state governments have already been announcing packages to curb farmers’ suicides without much result. There is already a package announced by the Centre during June 2004 for the entire country, comprising rescheduling of repayment of outstanding debt over five years.
with two year moratorium, rescheduling of loans in default, fresh credit for ‘ineligible’ farmers, OTS for farmers declared as defaulters and loans for farmers to pay off moneylenders.

These packages along with Chidambaram’s budget ‘commitments’ to rural sector have not effectively addressed the basic issues of crisis in agriculture as evident from the continuing farmers’ suicides across the country. In this backdrop, Union Agriculture Minister Sharad Pawar has recently announced a special package to be implemented within two months to arrest farmers’ suicides.

This is done in consultation with the chief ministers and agriculture ministers from Kerala, Maharashtra, Andhra Pradesh and Karnataka in Hyderabad. The government has chosen 30-35 problem-ridden districts from these four states, including 15 from Andhra Pradesh, six each from Maharashtra and Karnataka and three in Kerala.

Governments ‘efforts. It is said that the package would address problems relating to credit, insurance, irrigation, agricultural productivity, lack of extension services and lack of marketing infrastructure. The draft package envisages conversion/rescheduling of loans from six to nine years or even more, including moratorium of three years, no compounding of interest and waiving of interest during moratorium period at the end of the loan tenure.

A special one-time settlement (OTS) package would comprise waiving of interest and allowing three to four years for payment of settlement amount to be made applicable to cooperatives and the creation of a credit risk fund for interest relief to small and medium farmers. The package envisages farmers to pay maximum premium of 4% and liability beyond that to be shared by the government. The government proposes to launch weather insurance and individual assessment where a scheme on actuarial basis is not applicable.

Agriculture has been recognized as priority sector lending areas under the directives of Reserve Bank of India. The same was also a part of 20 point economic programme. Commercial & co-operative banks were geared-up to provide credit under various schemes. A good number of schemes were allotted sizeable subsidies to direct and indirect finance to agriculture. Agricultural loans were also subject to Differential Rate of Interest scheme (DRI). The Lead Bank Scheme was also a part of booster programme for rural development.
The overall picture has changed to some extent with a paradigm shift from socialism to capitalism under the impact of new economic policy. Considering these points a study of rural credit by commercial and co-operative banks with special reference to Nizamabad district becomes highly significant. The researcher has therefore selected this topic for the present study.

1.5.1 **SIGNIFICANCE OF RESEARCH TO SOCIETY:**

Lead Bank Scheme is an important scheme run by banks. It was introduced in 1969. It is a result of social banking. Social banking means banking for society. It is banking for socio-economic development. Although priority sector obligations have continued to be in force for both private sector and public sector banks, attention has increasingly been drawn to the fact that large sections of the population remain outside the formal banking structure and the real and financial sectors continue to lag behind in certain regions. While policies are in place to facilitate flow of credit to the more vulnerable sectors/sections of society, there is a need to ensure greater dissemination and implementation of these policies at the grass root level, besides getting timely information and better assessment of outcomes. Present study will evaluate how Lead Bank Scheme is proved very useful to society in Nizamabad district.

1.5.2 **SIGNIFICANCE OF RESEARCH TO RESPONDENTS:**

This study is a field study. This study is empirical research. The study is conducted with the help of questionnaires. Questionnaire is prepared for beneficiaries under Lead Bank Scheme. The beneficiaries are respondents. Respondents are asked different questions about the effect of the loan schemes to them. While discussing the respondents get knowledge of Lead Bank Scheme.

* They know what are the schemes
* They know what is the subsidy
* They know what is the procedure
* They know about interest rate
* They know about recovery method

In this way researcher’s visits also indirectly improve knowledge of beneficiaries. Banking awareness is increased. Who do not know about the scheme also know about the schemes. This increases financial inclusion. Financial inclusion increases standard of living. This improves socio-economic stability. In this way the research becomes useful for respondents of the questionnaire.
1.5.3 **SIGNIFICANCE OF RESEARCH TO BANKS:**

Banks are medium of finance. Various government schemes are implemented by banks. The objective of banks is to take the government schemes to the people. It is necessary for the banks to know –

1. What areas are not covered under the scheme
2. Which beneficiaries have taken right use of the scheme
3. What type of loan are given and should be given
4. What are the needs of people
5. Is the money properly utilized

Such and other questions are important for banks. When the researcher collect information directly or indirectly he studies such questions. He gives his opinions on such points. Banks know what is happening and what is not happening. They know the reality. This is important for banks. In this way this study which is related to Lead Bank Scheme in Nizamabad district is very much useful to banks.

1.5.4 **SIGNIFICANCE OF RESEARCH TO BANK OFFICERS:**

Banks work through bank officers. Bank officers are agents of bank. The objectives of bank are fulfilled by officers. Officers have following duties related with Lead Bank Scheme -

1. Identification of Customers/Beneficiaries
2. Identification of Needs of Beneficiaries
3. Identification of suitable schemes for Beneficiaries
4. Pre-sanction inspection of Beneficiaries
5. Post-sanction inspection of Beneficiaries
6. Recovery follow-up

In this way bank officers have to do good number of jobs related with Lead Bank Scheme in the field. This study is field survey. When bank officers read such studies they know different problems of different villages and of different people. They can do their duty in a systematic way. Thus, this study will also prove useful to bank officers. It is a written instrument which can train bank officers about Lead Bank Schemes.
1.5.5 SIGNIFICANCE OF RESEARCH TO GOVERNMENT & OFFICIALS:

Schemes like Lead Bank Schemes serve government purpose. Government is for the people. Objective of government is to remove poverty. Studies like this will help government officers like follows:

1. This study will help Collector Office
2. This study will help IRDP Officials of DRDA Scheme
3. This study will help Panchayat Samiti, Zillah Parishad etc.
4. This study will help government know where the subsidy money is going
5. This study will also help government to make changes in the scheme. In this way government officers can also take advantage from the analysis of information in this thesis.

1.5.6 SIGNIFICANCE OF RESEARCH TO RESEARCHER:

The researcher is the instrument of this study. He visits the field. He has visited to the fields, banks, various customers. He knows realities in the villages. His knowledge is increased. He understands what is the objective and what is the reality. He can develop his approach of his study. He can refer various books, many journals, many reviews and know what is study going on with reference to banking and related fields. Other researchers are also benefited by analysis given in this thesis. Thus, this is useful for the researchers all over the academia.

Subject matter of the study is Lead Bank Scheme. It is related with Nizamabad district. Nizamabad district is in Service Area Approach (SAA) of banks. There is large number of poor and downtrodden people in this district. This district is in the vicinity of Marathwada. The Scheme plans identified as significantly excluded and recommend a plan for formation of SHGs with linkage to the nearest branch. Similar assessment could be undertaken by NABARD and SIDBI for mapping the MFIs operating in the area that could be considered by banks for financial support. The details could be circulated by banks and related institutions. In this way the study will be useful for the implementation of scheme also.
1.6 Need of the Study:
A study of Lead Bank Scheme is useful from many points of view.
1. The study is useful to banks. It will improve the working of the banks.
2. It will give training to the bank officers.
3. It will improve the knowledge of people.
4. It will ensure end use of finance.
5. It will help financial inclusion.
6. It will help SHGs.
7. It will help improving new lending products.
8. It will help identification of potential areas.
9. It will improve financial literacy.
10. It will help publicity and awareness of the scheme.
11. It will improve recovery climate.
12. It will help performance monitoring.

As the level of borrowing increases with growth in the priority sector, banks will need greater assurance regarding the recovery laws and machinery in order that these are in consonance with enforcement of contracts. At the same time, it is essential that the process of recovery is transparent and fair and that harsh measures are not adopted. Other ways for providing credit enhancements and guarantees may also be explored and suggestions made by the group. Social capital is found to be effective collateral in lending to the poor. Joint Liability Groups and Self Help Groups (SHG) have worked well. In order that the recovery climate is strengthened, the sub group may also review the recovery laws, machinery and recommend suitable measures for inducing a better recovery mechanism and credit culture.
1.7 OBJECTIVES OF THE STUDY:

The objectives of the present study are as follows:

1. To present a historical review of rural development in India with special reference to Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

2. To study the role & significance of rural development in the banking system of India with special reference to Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

3. To study the impact of Lead Bank Scheme on socio-economic status of the various sector of the economy with special reference to Nizamabad District of Andhra Pradesh.

4. To present a agro-economic profile of Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

5. To present a analytic study of performance of sample banks with reference to rural development in Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

6. To present an analysis of the problems faced by beneficiaries and bankers with reference to rural development in Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

7. To analyze the impact of new economic policy on rural development in India with special reference to Nizamabad district with reference to the role of SBH in implementation of Lead Bank Scheme.

8. To present conclusions & recommendations.

1.8 LIMITATIONS OF THE STUDY:

The limitations of the present study are as follows:

1. The study is geographically limited to Nizamabad District of Andhra Pradesh / Telangana.

2. The study is limited to the performance related to rural development.

3. The study is limited to the performance State Bank of Hyderabad (SBH) as a Lead Bank with reference to Nizamabad District.
1.9 STATEMENT OF HYPOTHESIS:

The hypothesis of the present study are as follows:

1. Lead Bank Scheme has made a positive contribution to the socio-economic development in Nizamabad district of Andhra Pradesh / Telangana.
2. State Bank of Hyderabad has recorded notable performance in Lead Bank Scheme in Nizamabad district.
3. Recovery of Loans of SBH under Lead Bank Scheme is very poor.
4. Lead Bank Scheme in Nizamabad district has eradicated poverty.
5. There is no significant difference between the opinions of bank officers and beneficiaries regarding the usefulness of Lead Bank Scheme in Poverty Alleviation and rural development.

These are the hypothesis of the study.

1.10 METHODOLOGY OF RESEARCH:

The present research work is a study of the performance of the commercial & co-operative banking system with reference to rural development in Nizamabad district during the period of 10 years from 2003-04 to 2012-13. This is an empirical, descriptive, analytic study based upon primary data and historical data. Therefore, the researcher has selected the topic which will be suitable for collecting, analyzing and interpreting the information for the study.

The research methodology adopted is as follows:

A) PRIMARY DATA:

This study is based upon primary data. Primary data is the foundation of this study. The researcher has collected primary data by means of personal visits and questionnaires. Following questionnaires were prepared.

1. Questionnaires – ‘A’ – for Lead Bank Scheme Beneficiaries under various categories.

The researcher visited the bank officers at the selected sample branches of State Bank of Hyderabad. The data was collected, classified, tabulated and presented in graphic form. It was subjected to analysis & interpretation techniques by use of statistical methods.
B) Secondary Data:
This study also uses secondary data. Secondary data is also one of the foundations of this study. The researcher has collected secondary data from the published sources. The researcher has used following sources.

1. Annual Reports of State Bank of Hyderabad
2. District Credit Plans of Lead Bank of Nizambd District.
4. Various journals, periodicals, newspapers, Internet.

The secondary data was also analyzed and used for presentation of conclusions.

C) Statistical Methods Used:
The study has used various statistical methods such as Collection and classification of data, Tabulation of data, Graphic presentation of data, Use of percentages, averages, etc. Statistical inference and logic for testing of hypothesis, The test of significance where ever necessary are used. Thus the researcher has used various statistical methods for analysis and interpretation of data.

D) Size of Sample:
This study is an empirical study. It is based upon sample survey. The researcher has used strategic convenience sample randomly selected. The following method has been adopted.

There are following 9 Blocks and 36 Mandal in in Nizamabad district.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>NAME OF THE BLOCK</th>
<th>NAME OF THE MANDAL</th>
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<tbody>
<tr>
<td>1</td>
<td>Armoor Block</td>
<td>Armoor, Balkonda, Jakranpally, Nandipet</td>
</tr>
<tr>
<td>2</td>
<td>Banswada Block</td>
<td>Banswada, Birkur, Nizamsagar, Pitlam</td>
</tr>
<tr>
<td>3</td>
<td>Bheemgal Block</td>
<td>Bheemgal, Kamarpally, Mortad, Sirikonda, Vailpur</td>
</tr>
<tr>
<td>4</td>
<td>Damkonda Block</td>
<td>Damkonda, Bhiknoor, Machareddy</td>
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<tr>
<td>5</td>
<td>Kamareddy Block</td>
<td>Kamareddy, Tadwai, Sadasivnagar</td>
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<tr>
<td>6</td>
<td>Madnoor Block</td>
<td>Madnoor, Bichkunda, Jukkal</td>
</tr>
<tr>
<td>7</td>
<td>Nizamabad Block</td>
<td>Nizamabad, Dichpally, Dharpally, Makloor, Navipeth</td>
</tr>
<tr>
<td>8</td>
<td>Bodhan Block</td>
<td>Bodhan, Yedpally, Renjal, Kotgir, Varni</td>
</tr>
<tr>
<td>9</td>
<td>Yellareddy Block</td>
<td>Yellareddy, Gandhari, Lingampet, Nagireddy pet</td>
</tr>
</tbody>
</table>
First Layer of Sample:
Out of the above 9 Blocks, the researcher has selected 100% sample of Blocks i.e. 9 Blocks.

Second Layer of Sample:
Nizamabad district is divided into 9 Blocks, that consists of 36 Mandals, the researcher has selected 100% sample of Mandals i.e. 36 Mandals.

Third Layer of Sample:
The researcher has selected a sample of 10 Bank Officers from each Block. Hence 90 Bank Officers (10 Officer x 9 blocks) are selected as sample.

Fourth Layer of Sample:
The researcher has selected a sample of 10 Beneficiaries of Lead Bank Scheme from each Mandal (36). Thus, the sample of beneficiaries is (10 Beneficiaries x 36 Mandals ) 360 Beneficiaries.

1.11 Chapter Scheme of the Thesis:
The thesis is divided in to following chapters.

Chapter – 1 : Introduction
This first chapter presents an overview of Indian banking scenario with special reference to Commercial banks. It defines the problem under study and explains its significance. This chapter also outlines the objectives, limitations and Methodology of research. The hypothesis of the study are also presented and the chapter scheme is also given.

Chapter - 2 : Review of Literature
This chapter presents an overall review of literature related with the subject matter under study. The review is divided into two parts namely :
1) Studies in General Banking
2) Studies in Lead Bank Scheme
The researcher has reviewed a number of studies related with retail banking industry.

Chapter – 3 :Profile of Nizamabad District
This third chapter presents an overall profile of Nizamabad District with special reference to banking sector.

Chapter - 4 : Lead Bank Scheme & Rural Development in India
This fourth chapter presents a general introduction to the history of Lead Bank Scheme in India and analyses the performance of commercial banks in the Lead Bank
sector. The researcher has selected major groups of commercial banks and some key performance indicators for analysis of Lead Bank sector with reference to State Bank of Hyderabad. The chapter is based upon secondary data. In this chapter the researcher has selected various key indicators related with Lead Banks and priority sector advances.

Chapter - 5 : Role of SBH in Implementation of Lead Bank Scheme in Nizamabad District

This fifth chapter discusses the various issues related with different types schemes in Lead Bank. This chapter is based upon analysis of primary data as well as secondary data. In this chapter the researcher has presented an analytic study of the customers & employees attitudes and approaches towards various aspects of Lead Bank Scheme.

Chapter - 6 : Problems of Lead Bank Scheme & Rural Development

This chapter analyses the various problems associated with Lead Bank schemes. It analyses the various issues associated with the Lead Bank Scheme from the point of view of customers and bank staff. This chapter is also based upon primary and secondary data.

In this chapter the researcher has presented a microscopic analysis of problems related with the Lead Bank Scheme and financial products from the point of view of customers as well as bank staff.

Chapter - 7 : Conclusions & Recommendations

This chapter presents conclusions and gives recommendations.

The bibliography and annexure are given at the end. It is hoped that this study will open new avenues of research in rural banking and many such developmental schemes will be launched by the apex bank i.e RBI and the Government of India keeping in mind the economic development of the country.
Notes & References:

12. Reserve Bank of India, (1982), All India Rural Debt & Investment Survey, Department of Economic Analysis, RBI, Mumbai.

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