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Chapter IV

Historical Background of Lead Bank Scheme

4.1 Introduction

This chapter discussed the History of Lead Bank Scheme, Report of the working on the Lead Bank Scheme. Lead Bank expansion of State-wise and bank-wise in India and Lead Bank expansion of district-wise and bank-wise in Maharashtra. This chapter discussed the priority sector lending in India and Maharashtra. Discussed about service area approach and functioning of Lead Bank.

4.2 Report of the Study Groups

4.2.1 Report of the Study Groups on the Working on the Lead Bank Scheme

At the meeting of the Western Regional Consultative Committee August 2, 1975, it was decided that the working of the State of Gujarat and Maharashtra be studied in its various aspects. In pursuance of this decision the working of the LBS in Maharashtra and Gujarat was reviewed by two study groups constituted by the RBI in 1975.

The terms of reference of the group were as follows:

The review the functioning of the LBS in the two states with particular reference to:

i) The constitution and working of the District Level Consultative Committees;

ii) The nature and event of liaison between financial institutions and relationship established with the State Government at various levels; and

iii) The extent of involvement of banks in the formulation and implementation of area development programmes.

Arising from these, the study groups were asked to formulate appropriate guidelines for more effective operation of the LBS.

Because of the close similarity in the problems relating to the operation of the LBS in both the states it was decided to have a common report for both the State it was decided to have a common report for both the groups. The combined report for the two States made a number of recommendations to improve the working of the LBS.
4.2.2 Working Group to review the working of the Lead Bank Scheme

The Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) had inter alia, recommended that a review of the working of the Lead Bank Scheme which had completed more than a decade of its working may be undertaken by the Reserve Bank. Accordingly a working Group to review the working of the Lead Bank Scheme was set up in November 1981 under the chairmanship of a senior officer of the bank. The terms of reference of the working Groups are:

i) To review the working of the Lead Bank Scheme in regard to the preparation and implementation of DCPs and to suggest improvements for proper and effective co-ordination of activities among the various participating organizations in the light of the recommendations of CRAFICARD;

ii) To review the role of the Lead Banks and suggest measures (a) to make them more effective and (b) to improve the organizational set-up of lead and non-lead banks at the district at other levels;

iii) To examine the role of the DCCs and standing committees and make suggestions for their more effective functioning;

iv) To review the role of lead district officers of the Reserve Bank.

v) To consider the question of allocation of lead responsibility particularly to banks which have been recently nationalized;

vi) To consider measures to improve the flow of data under the information system.

vii) To examine and review the existing arrangements for training of all officials concerned with the work relating to the scheme.

4.2.3 Report of the High Level Committee to Review the Lead Bank Scheme

Usha Thorat committee reviewed the Lead Bank Scheme with focus on financial inclusion and recent developments in the banking sector. The recommendations as suggested by the committee to improve the effectiveness of the Scheme, especially for encouraging greater decentralized approach, implementation of policies at local level and creation of awareness of banks’ products/policies, are as follows:
1. The SLBC and various for a under Lead Bank Scheme (LBS) should focus on addressing the ‘enablers’ and ‘impeders’ in achieving financial inclusion and flow of credit to priority sectors and monitoring subsidy linked government schemes.

2. To broaden the scope of the scheme to cover initiatives for financial inclusion, role of state government, financial literacy and credit counseling as ‘credit plus’ activities, develop grievance redressal mechanism etc.

3. In every district, a sub-committee may be constituted to draw a road map to provide banking services through a banking outlet at-least once a week at every village having population of over 2000. It can be through business correspondents (BCs) also.

4. Lead banks are expected to open a financial literacy and credit counseling centre (FLCC) in every district. Suitable grant may be provided out of the Financial Inclusion Fund (FIF) to set up FLCCs.

5. SLBC may monitor initiatives for providing ‘credit plus’ services by banks and state government. A scheme for utilizing NGOs for providing training and other services to small microenterprises may be launched by government.

6. A comprehensive state/ district level Banking Sector Development Plan (BSDP) for all districts on the lines recommended for the North-Eastern region by the committee on Financial Sector Plan for North Eastern Region may be formulated indicating roles and responsibilities of banks, state government and other stakeholders for inclusive growth.

7. BSDP shall be monitored quarterly through a committee set up by NABARD with the CEO of Zilla Parishad as Chairman. An external agency can be considered for monitoring and giving feedback on the situation.

8. SLBC can invite academicians and researchers in development studies for adding value to the ongoing research studies and product formulation for state/district.

9. There can be sub-committees to work on specific areas like SHGs/ MFIs, MSE sector; IT based financial inclusion and others.

10. Exposure visits for district collectors, block development officers, bank official, SHGs may be arranged by Lead bank.
11. Functionaries of PRI s should be familiarized with the preparation of bankable schemes so that budgetary funds for livelihood promotion can be used for promoting financial inclusion.

12. Lead bank may organize an awareness and feedback public meeting quarterly in its district.

13. In the implementation of subsidy linked credit schemes, state governments may consider giving preference to the previous year’s uncovered trainees for loans in the following year, list out negative activities for loan purposes, prepare centralized information on defaulters and recovery status, ensure due diligence in selection of beneficiaries and bringing private sector banks to participate in government sponsored schemes.

14. State Government may take the initiative to make their bulk payments like salaries, pensions through mechanisms like ECS as they are cost effective and reduce use of cash/cheques. Use of IT solutions for disbursement of NREGA and social security payments through bank accounts may be expedited taking advantage of the incentive scheme introduced by RBI for funding a part of the cost of opening such bank accounts.

15. The Monitor able Action Plans (MAPs) should indicate the coverage of SCs/STs, minorities and promotion of SHGs in the district. This should be incorporated in the branch targets monitored by regional offices of the banks.

16. The no frill accounts should be backed by GCC/ simple overdrafts. Savings, insurance, loan, remittance products and financial literacy should be part of deeper financial inclusion.

17. In urban areas, state government may assist in opening of bank accounts where there are large settlements of households and obtaining proof of address and identity may be difficult. RBI and GOI may work together to simplify KYC norms for opening bank accounts of small value where balance does not exceed Rs.50000.

18. Bank managers should visit the SHG meeting places to help understand SHGs better.

19. NABARD may make a detailed review of the SHG-Bank linkage programme and come up with a guideline to facilitate migration of members of mature groups to become micro entrepreneurs and increase the scale of lending through such groups.
Each SLBC may have a dedicated financial literacy division to propagate the various instructions. Periodic publicity drives through local media channels may be conducted on issues related to banking, Reserve bank instructions relating to priority sector lending etc.

**4.3 Service Area Approach (SSA)**

The experience on credit plan under Lead Bank scheme and the poor results of the Village Adoption Scheme were the motivating factors behind the Service Area Approach introduced in 1989. The background, objectives, and procedure of this approach are discussed in the next section.

The concept of SAA had been suggested by the National Credit Council Study Group in their report on the Organizational Framework for the Implementation of Social Objectives, submitted in 1969. The Council recommended that depending upon the area of operation and location; commercial banks should be assigned a particular district in an area, where they should act as pace-setters, providing integrated banking facilities. In this way all the districts in the country should be covered. The Reserve Bank of India (RBI) introduced SAA to rural lending on 1 April 1989. It was the Committee under the chairmanship of P. D. Ohja, Deputy Governor of RBI, which recommended the new approach according to which all the villages in each district were allocated to the nearest bank branches as their service area for providing adequate banking services.

**4.3.1 Background of SAA**

The background to the introduction of the SAA is explained below:

1. Development of a need-based banking infrastructure in the country with a vast expansion of branches of commercial banks in rural and semi-urban areas;
2. Impressive increase in priority sector advances and agricultural advances. (However, it was not reflected in a commensurate increase in agricultural production, productivity, and income levels of people in rural areas and generation of employment opportunities);
3. Credit planning remaining largely uninfluenced by the investment absorption capacity of different sectors and areas with no attempt being made to link credit dispensation with potential for development. (The main reason for this lacuna was the absence of micro-level planning. Performance budgets of branches were more often imposed on them by controlling offices. Allocations under District Credit Plans,
prepared by lead banks and performance budget target of individual banks were never matched);

4. The problem of multiple financing by multiple agencies.

4.3.2 The principal advantages envisaged under the SAA were the following:

a. Optimum utilization of the growth potential of the identified service areas, contributing thus to increased production and income levels;
b. Minimization of diffusion of efforts of banks over wide areas;
c. Making the lending activity of banks easily amenable to supervision and control;
d. Introduction of micro level planning based on potential assessment and credit needs of small compact areas and helping in the identification of area-specific and resource specific activities for development within a cluster of villages;
e. Ensuring proper co-ordination among financing banks and other development agencies by involving the latter in planning, implementation, and monitoring of credit programmes;
f. Encouraging people’s participation and involvement in credit planning and dispensation.

4.3.3 Guidelines for implementing SAA

a) Identification and allocation of service area

The essence of the approach is to assign the responsibility of meeting development credit needs of a cluster of villages to a designated branch of a commercial bank or RRB. By 1 April 1989, villages were allocated among branches of commercial banks or RRBs based on contiguity and proximity of the villages to the branches concerned. RBI recommended adoption of a cluster approach in selecting villages for the service area. Villages in the same Gram Panchayat were to be allotted to the same branch to the extent possible.

b) Rural Lending- Relaxation in Service Area Norms

The Service Area Approach (SAA) introduced in April 1989, in order to bring about an orderly and planned development of rural and semi-urban areas of the country, was extended to all Indian scheduled commercial banks including Regional Rural Banks (RRBs). Under the SAA, all rural and semi-urban branches of banks were allocated specific villages, generally in geographical contiguous areas, the overall development and the credit needs of which were to be taken care of by the respective branches.

The scheme has been reviewed Reserve Bank and it has been decided to dispense with
the restrictive provisions of the scheme, while retaining the positive features of the SAA such as credit planning and monitoring of the credit purveyance. Accordingly the following changes have been made in the scheme, which will be effective from the 8th December 2004:

1. The allocation of villages among the rural and semi-urban branches of banks shall not be applicable for lending, except under Government sponsored schemes. While the commercial banks and RRBs will be free to lend in any rural and semi-urban area, the borrowers will also have the choice of approaching any branch for their credit requirements.

2. Consequently, the requirement of obtaining ‘no due certificate’ from the service area branch for lending by non-Service Area branch would also stand dispensed with. However, banks at their discretion may take steps considered necessary to avoid multiple financing.

3. The Annual Credit Plans will be based on the Potential Linked Plans (PLPs) prepared by NABARD. The particulars of the potential available in different sectors (as indicated in the PLP) will be communicated by the Convenor of the BLBC to all the branches in the block. The branches in turn will prepare branch credit plans based on such communication.

4. The branch credit plans would be aggregated by the BLBC Convenor bank into block credit plan. The block credit plans would, in turn, be aggregated into district credit plans. The district credit plans would eventually be aggregated into State Level Credit Plans.

5. In view of this arrangement, the village credit plans need not be prepared by the bank branches.

6. The various fora created under the Lead Bank Scheme, viz. BLBC, DCC, DLRC, SLBC & SLRC will continue to function as usual.

7. The performance under the block credit plans will be reviewed in BLBC meetings, while the performance of banks under district plan will be reviewed at DCC meetings. Similarly, performance of banks at the State level will be reviewed in SLBC meetings. All these meetings will continue to be convened on quarterly basis (once in a quarter).

8. As regards the monitoring/reporting aspects, NABARD has been requested to review the SAMIS reporting system and to intimate necessary modifications/changes in the SAMIS.
These relaxations have been introduced with a view to facilitate rural borrowers to have easy access to institutional credit from any bank of their choice at a competitive price and to provide banks, public and private, with a level playing field.

### 4.3.4 Advantages of Service Area Approach

The advantages of service area approach are: ⁶

1. Specific service area has been allocated to each bank branch for productive lending.
2. Unit of planning has been brought to village
3. Need based planning taking into account the potential and demand of the people have been in-built.
4. As the planning is done by the grass root level functionaries who implement it, there will be conscious attempt to achieve the targets in an organized way. Besides accountability is ensured.
5. The new approach has minimized unhealthy competition, duplication of efforts and multiple financing.
6. Better co-ordination between credit and non-credit agencies is expected to improve the productivity of rural credit so as to achieve the ultimate goal of increasing production, productivity and income level of the rural people.
7. A forum at the block level, namely, Block Level Bankers Committee has been set up for co-ordination and monitoring of the plans.

### 4.4 Different Committees Setup under the Scheme

Service Area Approach is a modification of the LBS and is mainly effective insofar as it relate to formulation of credit plans, and the review systems, as recommended by the working group to review the working of the Lead Bank Scheme. ⁷

Under this approach, Annual Credit Plans (ACPs) are prepared at the grass root level, i.e., at the level of Service Area Branch of Commercial Banks and Regional Rural Banks (RRBs). In terms of the earlier scheme, credit plans were first prepared at the district level and targets were distributed down the line to the branches of commercial banks and RRBs.

In order to review the progress made under these plans on an ongoing basis at quarterly intervals, comprising of Government officials, banks and other financial institutions were set-up.
Such group as (a) Block Level Bankers Committee (BLBC) (b) District Consultative Committee (DCC) (c) State Level Bankers Committee (SLBC) at block, district and state levels respectively.

In addition, district and state levels, District Level Review Committee (DLRC) and State Level Review Committee (SLRC) were set-up for half-yearly reviews of the progress in the implementation of Annual Credit Plans and to obtain a direct feedback about the success or otherwise of the schemes. Standing Committee of DCC is also formed at district level.

For the follow-up of implementation of the Credit Plans, different committees are setup under the scheme. They include the following:

(a) District Level Consultative Committee
(b) District Level Review Committee
(c) Block Level Bankers Committee
(d) State Level Bankers Committee
(e) State Level Review Committee and
(f) Standing Committee.

The banks have posted an experienced officer as Lead Bank Officer. He is a spokesman for all the banks in the district. He is also a liaison officer between the credit agencies and Government and development agencies in the district. The important functions of Lead Bank Officer are

i) Liaison with bank branches, District Rural Development Agency (DRDA) and other agencies.
ii) Convening and effective conduct of DLCC and DLRC meetings.
iii) Playing a leading part in the Standing Committee.
iv) Take active role in the preparation of credit plans and annual action plans.
v) Studying the field level problems.
vi) Analyzing the problems identified and seeking better solutions for them through the coordinated actions of the various agencies.
vii) Providing information about these matters to the Lead Bank Manager and seeks his guidance.

Let us discuss the important forums set-up under the Lead Scheme

(a) **District Level Consultative Committee (DCC):**

The important development in the history of LBS was the constitution of DLCCs in
all the districts, in the early seventies to facilitate co-ordination of activities of all the Banks and the financial institutions on the one hand and Government departments on the other. The DLCCs were constituted in the lead districts during 1971–73.  

DLCCs were constituted in the districts as a common forum for consultations among financial institutions like banks and the concerned Government Departments. All the commercial banks, co-operative banks including DCCB and SLDB, RRBs, NABARD, etc., and most of the State Government Departments and allied agencies are members of the DLCC. Lead District Officer (LDO) of RBI also is a member of this forum. District collector is the Chairman of this committee. Its membership is restricted to 20-25 for effective and meaningful discussion in the meeting. The Lead District Manager (LDM) of the Lead Bank is the convener of DLCC. Important functions of DLCC are as under:  

(i) Identification of potential bankable schemes for inclusion in the Annual Credit Plan (ACP).
(ii) Finalization of DCP/IRDP block plan.
(iii) Allocation of shares of DCP/ACP outlays.
(iv) Monitoring the overall progress in physical and financial terms in the implementation of ACP, IRDP, etc.
(v) Review/Monitoring of the support forthcoming from government departments.
(vi) Reviewing the progress in disposal of loan applications and ensuring that applications are sent in a phased manner and not in bunches in the last quarters of the financial year.
(vii) Identifying problems/bottlenecks in the flow of credit as also of infrastructure inputs, etc., and taking steps to overcome them.
(viii) Overseeing and ensuring smooth release of subsidies. Monitoring the recovery position of financial agencies and rendering necessary help for recovery of over dues.
(ix) Taking up with state government/SLBC/SLCC, items/issues which cannot be tackled at the district level and ensuring proper follow up thereof including security arrangement, lack of infrastructural support, etc.
(x) Identification of unbanked centres for opening of branches and reviewing the progress in the opening of branches.
Evolution of the ground level implementation of various schemes and benefits accruing there under to the identified beneficiaries. A small functional sub-committee of the DLCC is constituted in the district and it meets every month for regular monitoring of IRDP and other government sponsored schemes. Also other important matters concerning DLCC which require urgent attention are discussed in this forum.

**Establishment and Working of DLCC in Kolhapur district**

The DLCC which happens to be the main ‘body’ for monitoring the working of the scheme, was formed in Kolhapur district after receiving instructions to that effect from RBI, at the beginning of the year 1973.\(^{10}\)

The DLCC is a large forum of members representing various institutions involved in the LBS in the district. The district collector is a ex-officio chairman of the DLCC, while the other members include Lead Bank Officer, Lead District Officer, Branch Managers and Senior Officials of various banks in the district and the departmental heads of various government departments at the district level such as district planning officer, chief executive officer of Zilla Parishad, district forest officer etc.

The RBI issued instructions to the lead banks about the matters that could be discussed at the periodic meetings of the DLCC. It included the following:

1. Progress in the implementation of DCPs,
2. Problem of banks’ overdues,
3. Functioning of District Industrial centre,
4. Delays in getting no-dues certificates,
5. Adequacy of servicing facilities,
6. Adequacy of extension facilities,
7. Identification of borrowers,
8. Delays in sanctioning of loans,
9. Coordination between banks and other governmental agencies,
10. Non-availability of various inputs,
11. Delays in disbursement of subsidies,
12. Follow-up of various decisions taken in the earlier meeting of DLCC
The DLCC in Kolhapur District was constituted in 1973 and although in the earlier years the DLCC used to meet every month, since 1977, the meetings of DLCC were held in each alternate month.

(b) District Level Review Committee (DLRC):
One meeting of DCC every half year is being held as a District Level Review Meeting with a view to evaluate the progress made in the implementation of schemes included in DCP/ACP, identifying problem areas and dividing suitable remedial steps. The follow-up of the decisions of the DLRCs are discussed and necessary steps are taken by the DCCs. Non-officials like local MLAs/MPs and representatives of groups of beneficiaries of rural lending are also included as members of the DLRC.

(c) Block Level Bankers Committee (BLBC):
BLBC is fallout of the Service Area Approach and endeavors towards achieving co-ordination between credit institutions on one hand and field level development agencies on the other and it helps in the effective implementation of credit plans at the block level.
The membership of BLBC consists of bankers and government extension officers at block level. Broadly, BLBC attends to all items of work connected with a credit plan including government sponsored programmes and allocation of villages under service area approach. BLBC at the block level is the counter part of DCC at the district level.

(d) State Level Bankers Committee (SLBC):
SLBC is a state level forum comprising representatives of commercial banks including (RRBs), State Co-operative Bank, Land Development Bank, NABARD, RBI, etc. It is chaired by the Chairman/Executive director of the convener bank.
SLBC reviews the banking developments in the state with special reference to Annual Credit Plans, government sponsored programmes, flow of credit to priority sector, branch expansion.

(e) State Level Review Committee (SLRC):
Similar to DLRC at district level, SLRC exists at the state level and meets at half-yearly intervals. The proceedings of the DLRC meetings form the basis of discussion at SLRC meetings.

(f) Standing Committee:
This is a sub-committee of the District Consultative Committee. With a view to speed up the work and also to provide an expert technical assistance the RBI felt that a
standing committee should be constituted. Representatives of Lead Bank, RBI, NABARD, DRDA, Co-operative Department, DCC Bank, Gramin Bank are the members of this committee.

In addition to those representatives, the Districts Planning wing, the Commercial Banks having a large number of branches in the district (other than Lead Bank), and other development agencies have representatives in the committee.

The Lead Bank officer is its convener and the meetings are convened under the chairmanship of the District Development Commissioner or Collector. The committee meets once a month and its main objective is to monitor the implementation of IRDP at the district level. This committee acts as a task-force of the District Consultative Committee under the Lead Bank Scheme. The main functions of the committee are:

(a) To make in-depth studies of development potential in the block.
(b) To review the progress under special programmes such as IRDP, SC /ST Development plans, etc.
(c) To study and identify the basic operational problems in implementing various schemes.
(d) To finalize the financial limits for various crops cultivated in the district.
(e) To act as the effective machinery for the district consultative committee and carry out its tasks more effectively and in right time.

The Lead Bank Scheme improves the tempo of economic growth of the country by providing gainful employment to the people, particularly the small borrowers and by uplifting the weaker sections of the society. This scheme helps in reducing regional, economic, as also, spatial and functional disparities in the country and thereby correcting the pectoral imbalances in the economy.

### 4.5 State Level Bankers' Committee (SLBC)

In October 1968, a study group (headed by late Dr. R. Gadgil) on 'Organizational framework for implementation of social objectives' was set up by the National Credit Council.

The group recommended adoption of "area approach" for evolving plans and programmes for the development of banking and credit structure in October 1969. The group suggested that district should be the unit in area approach. Soon after nationalization of major commercial banks in 1969, a committee of banks headed by Sri F.K.F. Nariman, the then custodian of Union Bank of India, was appointed by Reserve Bank of India to evolve a coordinated programme for ensuring the spread of
adequate banking facilities in the country. The committee had a view that for assisting
the process of the balanced regional development each bank should concentrate on
certain districts.
Based on the recommendations of Gadgil study group and of the Nariman Committee,
Reserve Bank of India finalized Lead Bank Scheme giving concrete shape to area
development approach and Commercial Banks were assigned with the lead bank
responsibilities in particular districts to act as pace setters in providing integral
banking facilities under Lead Bank Scheme in 1969.
The main aim of the lead bank scheme is to provide collective action by banks and
other financial institutions in the implementation of bankable schemes for
improvement in the district economy. For ensuring effective and collective action
coordination becomes a vital function to be performed by lead banks. It was in this
context that Reserve Bank of India advised the lead banks to create an appropriate
forum by setting up District Level Consultative Committees (DLCCs) in their lead
districts.
The vast expansion of banking network and the major shift in their orientation
towards new role assigned to banks through Lead Bank Scheme brought into sharp
focus the need for adequate machinery for enquiring coordination at different levels of
the organization. The study group on the working of lead bank schemes in Gujarat
and Maharashtra in their report recommended that the State Level Committees be set
up (where they do not exist) or be activated to ensure coordination and periodical
review of lead bank scheme at state level. These state level committees, known as
State level Consultative committees were expected to make significant contribution in
resolving problems which could not be settled at DCC meetings being beyond the
powers of District level functionaries. The Department of Revenue and Banking,
Government of India, the close of 1976 desired immediate organization of State Level
Bankers' Committee in all the states to create adequate coordination machinery at
State level on uniform basis. Convenership of SLBC was assigned to Lead Bank of
the State.
4.5.1 The guidelines on functioning of these SLBCs are given here below:
a) Status of the Committee
The State Level Bankers' Committee (SLBC) has been envisaged as a consultative
and coordination body of all financial institutions operating in each state. The
Committee is expected to discuss issues, consider alternative solutions to the various
problems in the field of banking development and evolve a consensus for co-ordinate action by the member institutions. All the member institutions are, therefore, expected to approach the committee's tasks in spirit of cooperation and intimate involvement without which the committee is likely to lose its utility and become a mere debating forum.

b) Organizational Structure

The State Level Bankers' Committee comprise of the representatives of all the commercial banks and the Chairmen of Regional Rural Banks operating in the state. Representatives of State Cooperative Bank, Land Development Bank, Reserve Bank of India and NABARD are also to be invariably invited to attend the meeting of the committees. The concerned State Govt. officials also participate in the meetings of this forum by invitation.

Banks having sizeable scale of operations in the relative state are expected to be represented at the level of Zonal / Regional Managers so that expeditious decision making becomes possible. The Regional Rural Banks would be represented by the Chairmen. Banks having less than 5 branches in a state could, however, is represented by Manager of the Branch of the Bank located at state headquarters.

It is possible that in many states the membership of the State Level Bankers' Committee may be too large to permit effective deliberation, maintenance of liaison and decision-making. In such a situation, the Committee may constitute a 'Steering Sub-Committee' comprising representative of State Co-operative Bank and the Land Development Bank to discuss problems and evolve a course of action for adoption by the full committee. The representatives of the Commercial Banks on the steering sub-committee may not be below the rank of Regional/Zonal Managers. The Regional Rural Banks because of their special nature of responsibility be given adequate representation in these 'Steering Sub-committees' also.

If the State Level Bankers' Committee or the steering sub-committee desires to have any specific problem to be studied in depth and course of action outlined, there is no objection to their entrusting the tasks to Study groups comprising of representatives of 3 to 4 banks more intimately concerned with the problem or having greater expertise at their command.

Banks, specifically designated as conveners of the State Level Bankers' Committee in various states, may not delegate this responsibility to any other bank. There is however, no objection to the representatives of different banks being made the
Chairmen of the Steering Committees or study groups for the requisite secretarial assistance to the State Level Bankers' Committees. This would involve issue of notices, preparation of agenda papers, keeping and circulating record of discussions and decisions and following up action points arising out of them. It is expected that each convener bank would provide small cells to service these committees at the offices of the Zonal / Regional Managers in charge of the State in which it has assumed the Convenership responsibility.

c) Periodicity of SLBC Meetings

Each State Level Bankers' Committee may meet as often as necessary keeping in view the business on hand. It is, however, expected that the frequency of such meetings will in no case be less than once every quarter. The Steering sub-committee is expected to meet more often than the main committee. It would, however, be useful if the State Level Bankers' Committee do meet and discuss issues before every meeting of the State Level Coordination Committees, so as to facilitate the banks to take a constructive and coordinated view of the problems proposed to be discussed by the State Level Bankers' Committee.

d) Attendance at the Meetings

It is expected that the nominated representatives of the Bank will attend all the meetings of the main committee, the Steering Sub-committee or any study group. If for any unavoidable reason a nominated representative of bank cannot be present at any particular meeting, he should nominate his next-in command to attend the meeting on his behalf, after duly briefing him about the Bank's views on the various items of the agenda for the meeting. The objective should be that issues for considerations do not get postponed for want of attendance of the representatives of the banks.

e) Proceedings and Follow-up Actions

The proceedings of the meetings of the committee or its sub-committees may be drawn up by the Convener Bank and circulated to all the members within a fortnight of the date of the meetings.

Each bank is expected to initiate follow-up action on the consensus arrived at the meetings of the committee. Every endeavor should be made to implement all the recommendations of committee.
In any case, the decision not to implement any of the recommendations of the committee be taken only after reference to examination of the question at the head office of the Bank.

The Convener Bank may present to the committee an assessment report on the following-up action taken by the bank on decisions of the committee. Cases of non-acceptance of noncompliance with the recommendations of the committee may be specifically listed in such reports.

f) **Scope of Activities**

All the State Level Bankers' Committees are expected to take up for consideration such issues as have been raised by the member banks or by the State Government authorities and questions or interbank difference of views and approach remaining unresolved at the district level consultative committee. While all the State Level Bankers' Committee are expected to address themselves to the problems particular to the concerned State, some of the problems which are expected to be concerned to all the states and which many of the State Level Bankers' Committees have already taken up or decided to take up for consideration are briefly enumerated below:

i. Regional imbalances in availability of banking facilities

ii. Regional imbalances in deployment of credit

iii. Area demarcation for effective coverage

iv. Liaison with State Government

v. Review of the functioning of District Consultative Committees

vi. District Credit Plans

vii. Regional Consultative Committees

viii. Uniformity in terms and conditions of lending

ix. Review of Credit Flows

g) **Responsibility of SLBC Convenership in Maharashtra**

The responsibility of SLBC Convenership in Maharashtra is with Bank of Maharashtra.

4.6 **Important recommendations of Dr. Ojha committee**

There was a need to have a close look at the quality of lending was observed that during the five years ended 1985-86, the gross value added in agricultural sector registered a growth rate of 2.70% per annum. With this objective in view, the Governor of RBI suggested to the Chief executives of Public Sector Banks at a
meeting held on 17.10.87 that a field study should be carried out in different districts
all over the country. Accordingly, studies were conducted in 88 districts spread over
21 states in November / December 1987 and reports were submitted to RBI. The
findings of the field studies were discussed in a seminar convened by RBI on 9th and
10th January 1988. It was attended by the Chairman of Public Sector Banks, top
executives from the Government of India and the national level institutions. Hon’ble
Finance Minister and Minister of State for Finance addressed the Seminar. The
findings of these studies threw up a major deficiency in the rural credit system viz.,
weak link between bank credit and production, productivity and income levels.
Scattered lending over wide area diluted the quality of lending. Post disbursement
supervision was paid little or no attention. Several suggestions were made at the
seminar for strengthening the existing rural credit delivery system with a view to
improving the quality of lending in rural areas. The most important suggestion by all
the participants was the endorsement of the new approach to rural lending viz.,
Service Area Approach, whereby each rural and semi-urban branch of a Commercial
Bank (including RRB) would be assigned a designated area in which it could make
planned efforts towards area development in co-ordination with all the extension and
development agencies of the State Government. Large scale expansion of branches in
rural and semi-urban areas facilitated the shift. The suggestion was formalized when
the Union Finance Minister announced in his budget speech on 29th Feb.’88 about the
new scheme. The operational aspects of implementing this approach were examined
in depth by a Committee appointed for the purpose under the Chairmanship of Dr.
P.D Ojha, Deputy Governor of RBI.

The Committee opined that the Lead Bank Scheme has helped in bringing a great deal
of co-ordination between Banks and Government departments through forums
established at the district and state levels. Firstly, it enabled the branches to pay
concentrated attention on the development of the area. Secondly, as the multi-agency
approach has to some extent, resulted in duplication of efforts, a new approach may
help in avoiding the same. Thirdly, the scattered lending over wide areas would give
way to organized lending. Fourthly, it would make it easier for the Branch Managers
to effectively monitor the end-use of credit and assess the impact on increase in then
levels of production, productivity and incomes of the beneficiaries. Fifthly, as the
plans would be drawn up by the branch manager, he would develop a sense of pride,
motivation and involvement in the success of these plans. Forums under lead bank scheme for co-ordination and monitoring Lead Bank Scheme (LBS) was evolved as a framework to be more responsive to the needs of the rural economy. The objectives of the scheme cannot be achieved unless rural lending is properly tied to well design programmers of development. This calls for effective co-operation and co-ordination not only between credit institutions but also between the credit institutions but also between the credit institutions on the one hand and the concerned Government and other development agencies on the other. Appropriate forums had to be created where these two agencies can meet periodically to discuss operational issues arising from the implementation of scheme evolved by both Government and the Banks. Initially forums were set up at the District and State Level.

4.7 Lead Bank Scheme - RBI and NABARD

Liberalization has opened doors for capital formation in agricultural sector. Policy makers are concerned by the declining rate of capital formation in agricultural sector. Hence the Government of India has introduced a series of resources and programs for the growth of development of agriculture & rural sector.  

Over the year NABARD is an apex institution in the field of rural credit and it has initiated several measures to augment the flow of credit to agriculture & rural economic activities. Preparation of PLP is one such measure which aims at mapping the latent potential for various agricultural & rural development activities. In this context, RBI has advised the banks that the block/district credit plans be prepared on the basis of PLP’s prepared by NABARD.

DDM plays an important role in every district development who is appointed by NABARD. Therefore it is not necessary for the LDO to spend a week in district every month. RBI circulates guidelines regarding identification & fixation of responsibilities of various financial & Governmental agencies. RBI has prescribed certain percentage for priority sector lending to total credit extended by banks. Depending upon the structure of population, of the district advances are given to ST/SC, weaker sections of the society.
4.8 Village adoption scheme

In 1975, some commercial banks took up the Village Adoption Scheme. The objective was to develop village economy in all its aspects, in a phased manner. The steps suggested were the following:  
1. Selection of villages;  
2. Survey of selected villages to assess the potential for development;  
3. Preparation of phased action programme;  
4. Identification of eligible borrowers; and  
5. Formulation of proposals for development of individual forms. 

About 49,700 villages had been adopted under this scheme by the end of 1977. But it was observed that the scheme was not very successful. The reasons pointed out are:  
1. Lack of understanding among different commercial banks at the grassroots-level;  
2. Increasing number of defaulters among cultivators; and  
3. Difficulties for providing loans to cultivators because of their fragmented land holdings.

4.9 Lead Bank as Consortium Leader: 

Under the Scheme, each district had been assigned to different banks (public and private) to act as a consortium leader to coordinate the efforts of banks in the district particularly in matters like branch expansion and credit planning. The Lead Bank was to act as a consortium leader for 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.

4.10 Allotment of districts: 

All the districts in the country excepting the metropolitan cities of Mumbai, Kolkata, Chennai and Union Territories of Chandigarh, Delhi and Goa were allotted among public sector banks and a few private sector banks. Later on, the Union Territories of Goa, Daman and Diu as also the rural areas of the Union Territories of Delhi and Chandigarh have been brought within the purview of LBS.

4.11 District credit plan (DCP) 

The second and most important phase of the LBS was formulation of DCPs and their implementation. Although certain structural credit gaps were identified earlier, positive measures were introduced only after nationalization of the banks. Certain
sectors which were hitherto neglected were given a priority status and banks were asked to provide credit to these sectors in a more concerted way.

### 4.12 Role and Set-up of LDM’s Office

The Committee recommended strengthening of the office of Lead District Managers (LDMs), posting persons of appropriate level and attitude as also providing appropriate infrastructural support, it being the focal point for successful implementation of the Lead Bank Scheme.

### 4.13 Financial Inclusion

The “Financial Inclusion” is defined by many experts time to time in several contexts. In the Indian contest Rangarajan Committee (2008) defines it as “the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.” The financial services include loans, insurance, credit, savings, payments etc.” By Financial Inclusion we mean the delivery of banking and credit services at an affordable cost to the vast sections of disadvantaged and low income groups. The various financial services include, savings Loans, insurance, payments, remittance facilities and financial counseling/ advisory services by the formal financial system. Financial inclusion should be viewed as availability of banking and financial services to the entire population without discrimination of any type. Financial inclusion is more about the knowledge of fair and transparent financial products and a focus on financial literacy. It is a question of both access to financial products and knowledge about their fairness and transparency. For promoting financial exclusion we have to address the issue of financial exclusion. The people who desire to use the financial services and who need the services for their economic growth but are denied to access the same are the target groups for financial inclusion. In a country like India where a large segment of population resides in rural and remote areas away from the urban financial centers, the financial inclusion has a geographic dimension. In addition the aspect of social exclusion is to be considered for promotion of financial inclusion. When socially backward people do not get access to financial services, special efforts are needed to promote financial inclusion of these people.

Of the nearly six lakh inhabited villages in the country, 1.09 lakh villages have a population of over 2,000. The Reserve Bank of India should ask banks to establish
linkages with NGOs for facilitating and channeling credit to low income households. It should also ask banks to use well-run primary agricultural credit societies (PACS) as business correspondents (BCs). District Consultative Committee (DCC) may draw up a road map to provide services through a banking outlet, such as, brick and mortar branch, mobile banking, extension counters, satellite offices or Business Correspondents at every village with a population of over 2,000.

4.14 PMJDY (Pradhan Mantri Jan Dhan Yojana)

PMJDY scheme announced on 15 August 2014 and launched on 28 August 2014. The main purpose of the scheme is to cover one a/c per family in the district. Accordingly, lead bank have launched the scheme for Kolhapur District at Gram Panchayat, Shiroli on 28 August 2014.

4.15 Co-ordination and monitoring of DCP

Block-level Bankers Committees (BLBC) had to co-ordinate and monitor lending under Service Area Planning. All the banks operating in the block including Cooperatives, LDO of RBI, BDO and officials of the development departments were the members of BLBC. Representatives of Panchayat Samitis might also be invited to attend the meeting. Lead Bank Officer would be the chairman of BLBC. BLBC had to monitor and review plan implementation in its quarterly meeting. In the district, the Lead Bank Office had to function in close co-ordination with the NABARD office. At the district level, District Consultative Committee (DCC) and District Level Review Committee (DLRC) were the designated agencies. DCC met in every three months under the chairmanship of District Collector with the Lead Bank Manager as convener. Major bank representatives, NABARD and RBI representatives, District officials of DRDA, GIC and Agriculture Departments are members of this Committee. The two-hour meeting of the Committee would review the following items: 18

1. Monitoring the flow of credit especially to priority sector;
2. Implementation of government schemes; and
3. Co-ordinating the activities of the various departments and banks.

DLRC is the high level body and it includes people’s representatives, MLAs and MPs apart from other members of DCC. A full day meeting was to be conducted in which each development sector was discussed in detail. The LBO had to obtain information relating to the credit plan of each service area agency-wise and to furnish the same to
the National Bank office at quarterly intervals. Based on this information, the National Bank had to evaluate the performance of each Service Area Credit Plan and provide useful feedback to the controlling office concerned. The National Bank had to prepare comprehensive review of the performance of each credit agency in the district on a quarterly basis and furnish the same to RBI.

4.16 Manpower in Lead Bank Scheme:
Adequately qualified officers with flair for co-ordinating and development work must be identified and posted as Chief Lead District Manager. The RBI must give adequate importance to the scheme and its revamp and revitalization. The Regional Director of the RBI in each State must take the scheme seriously so that all banks can involve themselves fully in the scheme and its implementation.

4.17 Time schedule of Lead Bank
RBI prescribed the following time schedule for different stages of service area planning: Supply of background paper by lead bank to branch 31st October
Preparation of Branch Area Credit Plan by co-operative 30th November banks.
Preparation of Service Area Credit Plan (SACP) by commercial banks & RRBs 31st December
Approval of Branch Credit Plan by controlling offices 31st January
Finalization of Branch Credit Plan at BLBC (Aggregation at Block Level) 28/29th February
Aggregation at District Level 15th March
Launching of District Credit Plan 1st April

4.18 Progress of Lead Bank Scheme in India
Table no. 4.1 shows the State-wise List of Lead Bank in India. A lead bank including all states was 335, in the year 1970. Few years later it increased as 578 upto the year 2001. In the year 2002 the no. of lead banks was 622. Lead bank it increased in the year 2009 as 630. Lead banks working of all districts in India.
### Table No: 4.1
State-wise List of Lead Bank in India (1970 to 2009)

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**Source:**

i) Branch Banking Statistics 2009 Reserve Bank of India, Mumbai.


Table No: 4.2  
Bank-wise List of Lead Bank in India (1970 to 2009)  

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Source:  
i) Branch Banking Statistics 2009 Reserve Bank of India, Mumbai.  
* New Bank of India Merged in Punjab National Bank
Table no. 4.2 indicate that Bank-wise List of Lead Bank in India. In the year 1970, the total no of nationalized bank (lead bank) in India was 246. In the year 1989 it was 319, and 392 in the year 1999. The no. of nationalized banks (lead bank) increased in the year 2009 up to 409. In the year 1970, the total no of State Bank of India and its Associates (lead bank) in India was 88. In the year 1989 it was 121, and 167 in the year 1999. The no. of State Bank of India and its Associates (lead bank) increased in the year 2009 up to 210. In the year 1970, the total no of Private Sector Bank (lead bank) in India was 1. In the year 1989 it was 4, and 8 in the year 1999. The no. of Private Sector Bank (lead bank) increased in the year 2009 up to 11.
The above table 4.3 highlights the ranking of lead banks about 630 districts. As at March 2009, there were 21 banks, mostly in the public sector, which have been assigned lead responsibility in 630 districts of the country. In India there are 210 lead banks associated with state bank of India and associates bank. As compare to this the no. of lead bank of associated with Punjab national bank is lower as 56 lead responsibility. In the third rank there is bank of India and central bank of India, whose lead banks are 48 lead responsibilities in India.
Table No: 4.4

Bank Credit to Priority Sector in India (1991-92 to 2011-12)

(₹. Billion)

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<th>SSI</th>
<th>%</th>
<th>OPS</th>
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<td>20.61</td>
<td>849</td>
</tr>
<tr>
<td>1997-98</td>
<td>349</td>
<td>35.04</td>
<td>435</td>
<td>43.72</td>
<td>211</td>
<td>21.23</td>
<td>995</td>
</tr>
<tr>
<td>1998-99</td>
<td>396</td>
<td>34.58</td>
<td>485</td>
<td>42.30</td>
<td>265</td>
<td>23.12</td>
<td>1146</td>
</tr>
<tr>
<td>1999-00</td>
<td>444</td>
<td>33.67</td>
<td>528</td>
<td>40.06</td>
<td>346</td>
<td>26.27</td>
<td>1318</td>
</tr>
<tr>
<td>2000-01</td>
<td>519</td>
<td>33.63</td>
<td>560</td>
<td>36.27</td>
<td>465</td>
<td>30.11</td>
<td>1544</td>
</tr>
<tr>
<td>2001-02</td>
<td>608</td>
<td>34.67</td>
<td>572</td>
<td>32.64</td>
<td>573</td>
<td>32.69</td>
<td>1753</td>
</tr>
<tr>
<td>2002-03</td>
<td>735</td>
<td>34.74</td>
<td>604</td>
<td>28.54</td>
<td>777</td>
<td>36.72</td>
<td>2116</td>
</tr>
<tr>
<td>2003-04</td>
<td>905</td>
<td>34.32</td>
<td>659</td>
<td>24.96</td>
<td>1074</td>
<td>40.72</td>
<td>2638</td>
</tr>
<tr>
<td>2004-05</td>
<td>1253</td>
<td>32.83</td>
<td>746</td>
<td>19.55</td>
<td>1816</td>
<td>47.61</td>
<td>3815</td>
</tr>
<tr>
<td>2005-06</td>
<td>1723</td>
<td>33.79</td>
<td>902</td>
<td>17.70</td>
<td>2474</td>
<td>48.52</td>
<td>5099</td>
</tr>
<tr>
<td>2006-07</td>
<td>2304</td>
<td>36.23</td>
<td>1179</td>
<td>18.54</td>
<td>2877</td>
<td>45.24</td>
<td>6360</td>
</tr>
<tr>
<td>2007-08</td>
<td>2753</td>
<td>36.80</td>
<td>1327</td>
<td>17.74</td>
<td>3401</td>
<td>45.46</td>
<td>7481</td>
</tr>
<tr>
<td>2008-09</td>
<td>3387</td>
<td>36.32</td>
<td>1690</td>
<td>18.12</td>
<td>4248</td>
<td>45.55</td>
<td>9325</td>
</tr>
<tr>
<td>2009-10</td>
<td>4161</td>
<td>38.10</td>
<td>2064</td>
<td>18.90</td>
<td>4697</td>
<td>43.00</td>
<td>10922</td>
</tr>
<tr>
<td>2010-11</td>
<td>4603</td>
<td>37.14</td>
<td>2291</td>
<td>18.48</td>
<td>5500</td>
<td>44.38</td>
<td>12394</td>
</tr>
<tr>
<td>2011-12</td>
<td>5226</td>
<td>37.35</td>
<td>2592</td>
<td>18.53</td>
<td>6173</td>
<td>44.12</td>
<td>13991</td>
</tr>
<tr>
<td>CGR</td>
<td>19.89</td>
<td>-0.28</td>
<td>13.59</td>
<td>-5.52</td>
<td>27.19</td>
<td>5.78</td>
<td>20.23</td>
</tr>
<tr>
<td>Average</td>
<td>1465.90</td>
<td>-</td>
<td>866.48</td>
<td>-</td>
<td>1696.71</td>
<td>-</td>
<td>4029.14</td>
</tr>
<tr>
<td>%</td>
<td>(36.38)</td>
<td>-</td>
<td>(21.51)</td>
<td>-</td>
<td>(42.11)</td>
<td>-</td>
<td>(100)</td>
</tr>
</tbody>
</table>

Source: Report of Reserve Bank of India
Note: Figures in Bracket shows that percentage share of total sector.

Table no. 4.4 shows the Bank Credit to Priority Sector in India. The bank credit for agriculture sector was 182 billion in the year 1991-92 in India. In the year 2011-12 bank credit for agriculture was 5226 billion. In India the bank credit for SSI sector was 182 billion in the year 1991-92. In the year 2011-12 bank credit for SSI was 2592 billion. The bank credit for OPS was 91 billion in the year 1991-92 in India. In the
year 2011-12 bank credit for OPS was 6173 billion. In India the bank credit for total priority sector was 454 billion in the year 1991-92. In the year 2011-12 bank credit for total priority sector was 13991 billion.

Out of the total percentage of credit for priority sector, 36.38 percent credit was shared for agriculture sector. 21.51 percent credit shared for small scale industries and 42.11 percent shared for other priority sector in India.

4.19 Progress of Lead Bank Scheme in Maharashtra

Table No: 4.5

District-wise List of Lead Bank in Maharashtra (1970 to 2009)

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Districts</th>
<th>1970</th>
<th>2001</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ahmadnagar</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>2</td>
<td>Akola</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>3</td>
<td>Amravati</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>4</td>
<td>Aurangabad</td>
<td>BOM</td>
<td>BOM</td>
<td>BOM</td>
</tr>
<tr>
<td>5</td>
<td>Bhandara</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>6</td>
<td>Bid</td>
<td>SBI</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>7</td>
<td>Buldhana</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>8</td>
<td>Chandrapur</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>9</td>
<td>Dhule</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>10</td>
<td>Gadchiroli</td>
<td>-</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>11</td>
<td>Gondia</td>
<td>-</td>
<td>-</td>
<td>BOI</td>
</tr>
<tr>
<td>12</td>
<td>Hingoli</td>
<td>-</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>13</td>
<td>Jalgaon</td>
<td>CBI</td>
<td>CBI</td>
<td>CBI</td>
</tr>
<tr>
<td>14</td>
<td>Jalna</td>
<td>-</td>
<td>BOM</td>
<td>BOM</td>
</tr>
<tr>
<td>15</td>
<td>Kolhapur</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>16</td>
<td>Latur</td>
<td>-</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>17</td>
<td>Mumbai</td>
<td>-</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>18</td>
<td>Mumbai Suburban</td>
<td>-</td>
<td>-</td>
<td>SBI</td>
</tr>
<tr>
<td>19</td>
<td>Nagpur</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>20</td>
<td>Nanded</td>
<td>SBI</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>21</td>
<td>Nandurbar</td>
<td>-</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>22</td>
<td>Nasik</td>
<td>BOM</td>
<td>BOM</td>
<td>BOM</td>
</tr>
<tr>
<td>23</td>
<td>Osmanabad</td>
<td>SBI</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>24</td>
<td>Parbhani</td>
<td>SBI</td>
<td>SBI</td>
<td>SBI</td>
</tr>
<tr>
<td>25</td>
<td>Pune</td>
<td>BOM</td>
<td>BOM</td>
<td>BOM</td>
</tr>
<tr>
<td>26</td>
<td>Raigad</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>27</td>
<td>Ratnagiri</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>28</td>
<td>Sangli</td>
<td>BOI</td>
<td>BOI</td>
<td>BOI</td>
</tr>
<tr>
<td>29</td>
<td>Satara</td>
<td>BOM</td>
<td>BOM</td>
<td>BOM</td>
</tr>
<tr>
<td>30</td>
<td>Sindhudurg</td>
<td>-</td>
<td>BOI</td>
<td>BOI</td>
</tr>
</tbody>
</table>
Table no. 4.5 shows the District-wise List of Lead Bank in Maharashtra. A lead bank including all districts was 25, in the year 1970. Some years later it increased as 33 upto the year 2001. Lead bank it increased in the year 2009 as 35. Lead banks working of all districts in Maharashtra.

**Table No: 4.6**

**Bank-wise List of Lead Bank in Maharashtra (1970 to 2009)**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Bank</th>
<th>1970</th>
<th>2001</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank of India</td>
<td>9</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>State Bank of India</td>
<td>4</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Central Bank of India</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Bank of Maharashtra</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>25</strong></td>
<td><strong>33</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>

Source: i) Branch Banking Statistics 2009 Reserve Bank of India, Mumbai.  

Above table no. 4.6 shows the bank-wise list of lead banks in Maharashtra. In the year 1970, lead bank responsibilities are Bank of India 9 districts, State Bank of India 4 districts, Central Bank of India 7 districts, Bank of Maharashtra 5 districts. Lead banks increased in the year 2009.
Table No: 4.7
Ranking of Lead Banks in Maharashtra

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Lead Bank</th>
<th>No. of Districts</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank of India</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>State Bank of India</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Central Bank of India</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Bank of Maharashtra</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>35</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Branch Banking Statistics 2009 Reserve Bank of India, Mumbai.

Graph No. 4.2
Bank-wise Lead Bank in Maharashtra

The above table 4.7 highlights the ranking of lead banks about 35 districts in Maharashtra. There were 4 banks, mostly in the public sector, which have been assigned lead responsibility in 35 districts of the Maharashtra state. In Maharashtra there are 12 lead banks associated with Bank of India. As compared to this the no. of lead bank of associated with state bank of India in lower as 10 lead responsibility. In the third rank there is central bank of India and fourth rank is bank of Maharashtra.
Table No: 4.8
Total Annual Credit Plan in Maharashtra (2005-06 to 2011-12) (₹. Crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>SSI</th>
<th>OPS</th>
<th>Total PS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Achieve</td>
<td>% Achievement</td>
<td>target</td>
</tr>
<tr>
<td>2005-06</td>
<td>8805</td>
<td>7672</td>
<td>87.13</td>
<td>966</td>
</tr>
<tr>
<td>2006-07</td>
<td>12605</td>
<td>9632</td>
<td>76.41</td>
<td>1360</td>
</tr>
<tr>
<td>2007-08</td>
<td>14368</td>
<td>12113</td>
<td>84.31</td>
<td>2026</td>
</tr>
<tr>
<td>2008-09</td>
<td>16703</td>
<td>9625</td>
<td>57.62</td>
<td>2269</td>
</tr>
<tr>
<td>2009-10</td>
<td>19560</td>
<td>15214</td>
<td>77.78</td>
<td>2757</td>
</tr>
<tr>
<td>2010-11</td>
<td>26917</td>
<td>18505</td>
<td>68.75</td>
<td>5067</td>
</tr>
<tr>
<td>2011-12</td>
<td>33424</td>
<td>21475</td>
<td>64.25</td>
<td>6402</td>
</tr>
</tbody>
</table>

CGR | 23.14 | 17.95 | -4.21 | 36.01 | 33.3 | -1.99 | 29.04 | 21.04 | -6.35 | 25.82 | 20.56 | -4.18 |

| %    | (63.89) | (56.81) | (10.06) | (13.31) | (26.05) | (29.88) | (100) | (100) |

Source: Report of State Level Banker Committee, Maharashtra
Note: Figures in Bracket shows that percentage share of total PS.

Table no. 4.8 indicates the annual credit plan in Maharashtra. From the year 2005-06 to 2011-12 CGR of target of annual credit plan for agriculture sector in Maharashtra was 23.14 and achievement CGR of agriculture sector in Maharashtra was 17.95. CGR of target of annual credit plan for SSI sector in Maharashtra was 36.01 and achievement CGR of SSI sector in Maharashtra was 33.3. CGR of target of annual credit plan for OPS in Maharashtra was 29.04 and achievement CGR of OPS in Maharashtra was 21.04. CGR of target of annual credit plan for total priority sector in Maharashtra was 25.82 and achievement CGR of total priority sector in Maharashtra was 20.56.

Out of the total target percentage of credit for priority sector, 63.89 percent credit was shared for agriculture sector. 10.06 percent credit shared for small scale industries and 26.05 percent shared for other priority sector in Maharashtra. Out of the total achievement percentage of credit for priority sector, 56.81 percent credit was shared for agriculture sector. 13.31 percent credit shared for small scale industries and 29.88 percent shared for other priority sector in Maharashtra. Maximum shared of annual credit plan in agriculture sector.
Conclusion

It the present chapter, the recommendations regarding lead bank scheme are given by the different committees. The function and structure of the different committees, under lead bank is analysed effectively in the same chapter. The position of lead bank in India, and the ratio of credit which is given to priority sector is examined at micro level while doing the data analysis. It is also analysed that how much weightage in case of loan has been given to agriculture, small scale industries, other priority sector, under annual credit plan in Maharashtra. By this present study the historical background of lead bank scheme came into the focus of the researches.
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12. www.bankofmaharashtra.in/slbct/about-us.asp


