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2.1 Introduction
A lot of research work has already been conducted pertaining to the problem of recoveries and overdue. Some studies about recovery of loans and overdue have been made by individuals and other studies have been made by Committees on the initiation of the Reserve Bank of India.

An academic study on the performance of the nationalized banking sector in India is very important and pertinent in the context of its structural existence. Before taking up such an exercise, an attempt is made in this section to present a review of the available studies in the relevant area of banking. Organized or formal research in banking and related areas is of recent origin in India. The research studies conducted in the field of banking in India and abroad relate mostly to institutional, functional and developmental activities of banks. A number of studies have been undertaken on priority sector advance and rural or agricultural credit by academicians, research institutions, banks and governments.

2.2 Review of Research Studies

Bhatt V.V (1970)\(^1\) in his article analyzed the lead bank scheme is intended to promote agricultural operations and small industries in each district. He suggested that a lead bank should provide guidance to farmers and small industries in the purchase of machinery such as power tillers, pump-sets, agricultural implements, machine-tools etc. It should also provide medium term loans to them to purchase such machinery. Guidance and finance are also needed in the purchase of seeds, fertilizers and pesticides. To perform this task, banks need to collect information from the dealers and this can be made easier by creating and supporting a set up of approved dealers. Further, the banks also assist the farmers in obtaining after sales services and ensure recovery of loans with interest.

Report of The Study Groups on The Working of The Lead Bank Scheme In Gujarat and Maharashtra (1975)\(^2\) Report of the study group on lead bank scheme of Gujarat and Maharashtra states that the role of the lead bank as the leader of the consortium of the financial institutions consists in preparing “credit plans or bankable schemes.” Representative project profile of activities covered by the scheme giving basic economic
and technical data which would be of assistance in the actual extension of credit should also be prepared.

**Pawar M. S. (1984)** She has studied the Bank of Maharashtra a lead bank for Satara district. Attempt is made to study to what extent Bank of Maharashtra as a lead bank has succeeded in seeking co-operation of participating financial institutions in developing underdeveloped regions blocks in promoting cottage and village industries. She studied the block-wise, sector-wise, and bank-wise in respect of cottage and rural industries as well as Small Scale Industries for 1978-1984. In spite of the difficulties for successful implementation of the lead bank scheme there is need to remove external constraints, improving data, information base, similarly evaluation studies of lead district.

**Kulshrestha U.C. (1985)** In his article has assessed the progress of Lead banks in the western regions of Uttar Pradesh; with parameters such as Credit Plans, branch expansion, deposit mobilization and credit deployment to priority sectors. He has also reviewed the problems faced by the lead banks and recommended a re-examination of the discretionary powers of bank managers, particularly in the rural areas in order to avoid unhealthy competition between commercial banks and primary credit societies. He has also recommended the issue of credit eligibility passbooks to the farmers by the block development officials.

**Sahasrabudhe Suhas S. (1985)** In his studied describes the working of lead bank scheme. The first section of his study describes the progress of lead bank scheme in the district through various stages. The survey report highlighted credit gaps and deposit potential in Kolhapur district and also identified certain ‘growth centers’ with a potential to develop in the immediate future. The first credit plan for the district was implemented from January 1978 to December 1979; the targets of advances to various sectors given in first credit plan were exceeded substantially. He also stresses on improvement in the system of credit planning where he says that there is a general impression is that the credit planning has become a mere paper formality, which at the same time is a costly affair. Most of the branch manager’s never adhere to credit plan. He suggested each of the lead banks should have an independent credit planning cell. It will have its staff at concerned district places, where it is working as a lead bank. The staff working in this cell should be given proper training at the lead office and then the teams should be sent to
district plans. They should be entrusted with the task of preparing credit plan. He also suggests that credit plan should cover a period of five years, instead of three years which will ensure synchronization of the credit plan with the five year development plan of the district. The lead bank should make arrangements in co-ordination with the concerned departments for a single window clearance of all essential things before the actual beginning of any productions or economic activity.

Dang Ashok K (1986)\(^6\) in this book studied the bank credit system in India and analyzed credit to priority sector. Need for the credit to the agricultural sector, small scale industries, and other priority sector. He studied the lead bank scheme which aims at evolving plans and programmes for the development of banking in the rural areas by adoption area approach. He studied the integrated rural development programme and role of lead bank.

Suchitra Chakravarthy (1986)\(^7\) she has analyzed the role of institutional agencies in Karnataka’s agricultural finance for the decade (1970-80). The role of cooperatives (short term and long term institutions) commercial banks and Regional Rural Banks had been discussed. Besides these a field study was undertaken in pttur and Bagepalli in order to get better insights into the problem. This has also been discussed. It is not sufficient if only the roles of institutional agencies are discussed. One has to examine the impact on agricultural production.

The role of commercial banks in financing agriculture has improved over the decade 1970-80. As on June 30, 1971 credit disbursed by commercial banks to the total credit was 2.4%. This increased to 5.32% as on 30, June 1981. With the introduction of village Adoption Scheme, Lead Bank Scheme, Differential Interest Rate Scheme, Financing of Primary Agricultural Credit Society, sponsoring of Regional Rural Bank’s and rural branch expansion programme, the role of commercial banks in financing agriculture has improved yet it may be another decade before the fruits of it are experienced by the farmers.

Chougule D. G. (1987)\(^8\) he has examined the working of lead bank scheme in Panhala taluka. In his study the history of lead bank and bank expansion in the Panhala taluka. He has studied the working of lead bank and credit of priority sector growth and composition. He has analysed the sector-wise development of lead bank scheme in 1980-
1986. Focus on the bank credit for priority sector. To evaluate the growth of performance of the basis of appropriate economic indicators such as agricultural development, Small Scale Industries for Panhala taluka.

Desai Vasant (1987) in this book studied the lead bank scheme impact on branch expansion and lending to weaker sections. Commercial banks play a positive role in the development of rural areas. The financial infrastructure has been provided by them under the lead bank scheme. The study of the review of the performance of lead bank scheme has been evaluated and analysed. The lead bank scheme has provided a fruitful framework for the co-ordinate development of banking at the grassroots level.

Singh A. B. P. (1987) has written the book “Lead Bank Scheme” (with special reference to North Bihar) According to him Lead Bank Scheme initially was to carry out impressionistic surveys for identifying growth areas for banking infrastructure i.e. opening of branches & estimation of credit gaps on the basis of potential and actual levels of production in various sectors. This was doubtless a big task for commercial banks, as it meant a complete departure from their earlier mode of functioning. The most important landmark was establishment of DCCs in different districts with co-ordination at the state and zonal levels between the financing & administrative agencies. Thus the era of participative planning was ushered in. That lead bank scheme is the best way of eliminating existing credit gaps in consistent with different poverty eradication programs and a definite assault on un-banked rural scenario and that the scheme is viable and best suited to the balanced commercial banking development. The study was undertaken at the district level with a view to qualifying operational and institutional bottlenecks in the operation of the scheme.

Joshi G. B. (1988) in his studied of working of lead bank scheme in Satara District special reference to lead bank of Satara District Bank of Maharashtra, physical visits undertaken to do rural and semi-urban bank branches of Bank of Maharashtra and other commercial, co-operative banks operating in the district.

The fist district credit plan for Satara District was prepared for the year 1978-79. Satara District is having only rural and semi-urban centers for bank business. The performance achieved by lead bank in Satara District is no doubt appreciable but it has potentials in achieving the economic improvement of the rural and semi-urban areas of the district.
The lead bank has to take lead in acquiring unbanked rural centres for branch expansion and multi-agency approach to the rural landings. The results achieved and suggestions regarding improvement or otherwise are listed in order of study undertaken. The study of the lead bank scheme special reference to lead bank of Satara District i.e. Bank of Maharashtra, is divided into five steps namely position and working of Bank of Maharashtra as lead bank, formulation and implementation of District Credit Plan/Annual Action Plan, forums of co-ordination, and other related matters in respect of district planning and development. And hence, the recommendations based on results achieved are summarized into above steps.

**Jha Markandeya (1988)**[^12] in his book analyzed the lead bank scheme and regional development, he is selected Kosi Division in Bihar. He was discussed the lead bank scheme as casting its impact on the branch expansion, deposit mobilization, credit deployment policy and practices specially lending to priority sectors. Evaluate the impact of the lead bank scheme on the economy of the Kosi division.

**Pasricha J. S. and Sanjay Modi (1989)**[^13] conducted a study to assess the thrust on priority sector lending since the introduction of Lead Bank Scheme and came out with the conclusion that the overall share of priority sector advances has grown up satisfactorily during the period of study. But all States are not laying uniform emphasis on the financing of priority sectors and the share of priority sector advances ranges from as low as 21.10 per cent in Maharashtra to 76.90 per cent for Manipur, indicating that industrially developed States are laying less emphasis on the development of priority sectors.

**Padmanabhan K. (1989)**[^14] his article studied the Lead Banking and District Credit Plan: A case Study. The role of commercial banks in accelerating investment and growth in a developing economy. The lead bank and the area approach are the two schemes adopted to make commercial banks socially relevant and spatially active and temporally dynamic. To study the District Credit Plan for North Arcot district and to analyze the performance of District Credit Plan in North Arcot district. The lead bank scheme, District Credit Plan and Annual Action Plan have brought about striking change in banking development in North Arcot district. The good co-operation and co-ordination between banks and lead banks, the achievement of some of the individual banks is far below target. Lead bank

[^12]: Jha Markandeya (1988)
scheme is a multi-agency approach adopted to solve the problems of development in the
district.

**Kulshrestha U. C. (1989)** in his article he reviews the working and progress of Lead
Banks retrospect and prospects specially operating in the western region of Uttar Pradesh.
He is discussed the constitution and functions of lead banks.

**Mehta Basant (1989)** in this book studied the working of lead bank scheme in India.
Structural change in the banking system of India was the beginning of lead bank scheme.
The lead bank scheme is an important step to involve commercial banks in rural
development. The study the organization and working of the lead bank scheme in
Rajasthan and important banks of the working of lead bank scheme in Jaipur, Udaipur
and Chittorgarh district in Rajasthan. The evaluate the performance of the government
schemes which were important under lead bank scheme. Lead bank scheme have been
able to lessen the regional disparities in the economic development in the different
districts in Rajasthan.

**Gokhale H. V. (1990)** in his studied the bank of India as lead bank in Chandrapur
District with special emphasis on priority sector. The importance of choice of topic lies in
the fact that the basic concept of banking has undergone a change, from security based
lending to need based lending. The choice of Chandrapur District was the result of state
Governments consideration of the district as a backward district in Vidarbha. Bank of
India, as a Lead Bank, has played a vital role in contributing towards development of the
district by reducing the credit gap.

The Chandrapur District was bifurcated in the year 1982, with the formation of
Gadchiroli District. So, the credit plans cover pre-bifurcation period from 1976 to 1982
and post-bifurcation period from 1983 to 1985. Considering the bifurcation of the district,
main emphasis of the study is on the newly formed Chandrapur District.

**Kulshrestha N. K. (1990)** in his Econometric studied of the lead bank scheme (with
reference to Deoria District) The district credit plan is an important duty of the lead bank
scheme. The first and second credit plans for Deorja district were formulated for the
period April, 1974 to December, 1979 and January 1980 to December, 1982,
respectively. During above period 1974-82 banking has undergone in to tremendous
changes. The third round of district credit plan for 1983-85 placed towards promoting
productivity in the rural sector, and the 1983-84 has been declared the productivity year. Special care has been taken to cater the need of weaker sections. For the Annual Action Plan for the development of the district was formulated by the lead bank in the light of the above aims and goals. The study reveals that the bank’s efforts are well directed to help effectively towards the weaker sections.

Sobodh Kumar (1990) he was to evaluated the policies framed and implemented by commercial banks regarding making advances to various sectors of the economy. Banks invest their funds in various sectors of the economy viz. agriculture, large scale industry, small scale industry and schemes of development designed by the government. Distribution of bank credit among these sectors of economy is to be analyzed and observations derived therefore. Simultaneously they are to follow the instructions of Reserve Bank of India issued time to time in all their exercise. Hence, it becomes necessary to review the credit policy of the Reserve Bank of India during the period. A comparison between pre and post-nationalization period has been carried out.

Many novel schemes for poverty alleviation and social welfare are in operation in banking sector. Keeping in view their relevance to the proposed study, availability of data and their ranking and coverage among those schemes, three schemes have been chosen to be discussed in the study of advances under innovative schemes namely Integration Rural Development Programme, Different Rate of Interest etc.

Raghubir Singh Kadian (1990) he is analyzed the rural poverty amelioration programmes have been under implantation for a long time in Hariyana and credit institutions have been extending financial support to the identified rural poor families since the beginning of these programmes. Even after such a long time credit support to these programmes is not free from weaknesses. Therefore, to make improvements in the credit delivery system for rural poor, it is of paramount importance to examine the role of different credit institutions in poverty alleviation programmes and to see the impact of credit on rural poor’s economy so that shortcomings of financial institutions in extending credit to rural poor could be ascertained. Although many evaluation studies have been conducted to evaluate rural poverty alleviation programmes in Hariyana, yet no attempt was made to examine the role of banking sector in implementation of various poverty
alleviation programmes in the state. Hence the study has been undertaken to critically evaluate the role of institutional financial assistance to the rural poor in Haryana State. Punjab National Bank which was lead bank of Kurukshetra district. Punjab National Bank contributions to total amount disbursed were also maximum during all these individual years followed by State Bank of India. So Punjab National Bank has played its role of a lead bank in a true manner in Kurukshetra district. Surprisingly co-operative banks which are at the doorstep of rural poor and cheaper source of credit for them were not involved in poverty alleviation programmes at all so their contribution to IRDP was nil during all these years. Co-operative banks were not given any target to disburse credit among rural poor during these years in Kurukshetra district.

Desai S. S. M. (1990) in this book analyzed the rural banking in India and problem of rural indebtedness. Study the multi-agency approach to agricultural finance, government, rural finance, state bank group, rural credit, commercial banks and rural credit. Finance is an important resource and every sector of the national economy. The state bank group assistance in this regard is rendered on a selective basis, high priority being given in respect of providing various types of assistance to small-scale industrial units in backward and rural areas. The study the public sector banks and lending to priority sector and public sector banks and credit deposit ratios in rural and semi-urban areas.

The lead bank scheme has brought home the importance of district credit plan and the necessity of its formulation and implementation. It has also emphasized the necessity of cooperation and concerted action on the part of various banking, financial and developmental agencies in the district.

Joseph Babu (1990) has analyzed, in his doctoral dissertation, branch expansion of commercial banks in Kerala and the impact made by them in deposit mobilization and deployment of credit since the introduction of Lead Bank Scheme. He also studied the resultant effect of LBS on economic conditions of borrowers. His study revealed that the introduction LBS had a positive impact on branch expansion of Commercial Banks in the rural sector. It also revealed that deposits and credits of Commercial Banks have grown significantly since the launching of LBS. He suggested the banks to create an awareness of the facilities offered by them to the masses in rural as well as urban areas.
Anagol Malati and Ghonasgi B. D. (1993) in their article analyzed regional profile of banking in Maharashtra. Maharashtra that emerges at the aggregate level is one of the financially most advanced states in the country. The network of bank offices operated, deposits mobilized and credit deployed by the state-based banks as well as the flow of financial assistance from all India financial institutions by the state are of the highest order. The flow of credit has largely followed economic development in the state, accelerating the development of already developed areas of the state rather than initiating new development in backward areas or neglected sectors of the economy. The urban areas of the state are far better served by banks than that the rural areas.

Sahasrabudhe S. S. (1993) in his article evaluation of working and impact of lead bank scheme in Kolhapur district during 1969 to 1980. Study the Branch expansion of Kolhapur District, region-wise compound growth rates of credit deposits. Lead bank scheme had worked in favour of backward blocks but it is far from being highly satisfactory. Credit of lead bank scheme has become successful in providing more quantum of credit to the backward blocks in the district. The idea of service area approach and village credit plan appears to be too ambitious, considering the experience of district credit planning and staff constraints at the branch level. The concept of credit planning, it appears, is still not properly implemented by the lead bank, in the true spirit and content of credit planning. It implies identification of the prospective entrepreneurs, identification of the prospective development of industries on the basis of resources available in region concerned and fine tuning of credit planning with developmental planning in the district.

Hari Babu (1994) has studies the structure and flow of lead bank (Punjab National Bank) in district Budaun. The role of the Lead Bank finance of agricultural production, productivity and income has also been studied. Role of Punjab National Bank (Lead Bank, Budaun) lending on the use of fertilizer, irrigation, quality seeds, plant protection measures and purchasing high yield mulch breed of buffalo was observed in positive direction in absolute term which resulted more income, employment and improvement in living standard. The crop production though increased in absolute term but his increases was statistically in significant. Milk production, income and employment on marginal households increased in both in absolute term and were also statistically significant.
Thus, the role of Punjab National Bank (Lead Bank, Budaun) on crop production and dairy development was positive. The introduction of Lead bank in Budaun for agricultural lending is a new dimension in the institutional structure of the rural credit. A role of crucial importance assigned to Punjab National Bank Budaun to build a strong link between bank and ultimate consumer, in catering effectively the needs of rural credit of the weaker section of the rural society in district Budaun.

D.G. Rudra Murthy (1994)²⁶ had evaluated the of modern Small Scale Industries in India, its importance and role in the economic development deals mainly with the institutional support - financial support in particular its trends pattern and magnitude and reveals the contributions of SSI sector in terms of production, employment and investment vis-a-vis the financial support it received from financial institutions. There is also an effort in this thesis to dig into the features of capital and credit structure of an SSI. How there has been a transition of capital and credit needs of SSIs over the years. The thesis also deals with the present financial structure through which the credit needs of the SSIs are met and what are the procedures, terms and conditions, security to be provided, percentage of margin and rate of interest of the Financial Institutions while providing financial assistance to SSIs. There was a detailed account of institutional finance to SSIs in Karnataka since nationalization.

Digambar Nagappa Raikar (1994)²⁷ studied the confined to the post-nationalization period. This study relates in the main to the study of the multi-agency institutional rural credit system with particular focus on Commercial banks and RRBs in Karnataka. Such a study for a state has a well spread out rural credit structure. As this study proposes to evaluate the role of traditional banking, social banking it becomes significant from the point of view of banking theory and also banking policy.

The commercial banks have endeavored to increase their direct involvement in rural credit firstly by rapid expansion of branches in the rural areas and semi-urban areas and secondly through a number of operational innovations such as establishing specialized branches exclusively or mainly oriented to farm lending. Service Area Approach will have to be development as Development Area Approach under multi-agency credit system. Intensive credit delivery and the close supervision of the end-use of funds will
hopefully bring about a distinct qualitative change in the role of banks for promoting rural development.

Jayaraman B., Randeep Singh Mor (1994) this paper discussed about outflow of funds mobilized in the rural areas to other areas in the developed district of Kolhapur as well as laggard district of Parbhani. There was inflow of funds from urban and semi-urban areas to rural areas in both the districts. This is clear from the fact that the relative share of credit deployed in the rural areas of both the districts for the triennial ended 1984 and 1991 had been more than the share of deposits mobilized in the rural areas. The converse was true in the case of urban areas of both the districts.

The study has also brought out the fact that after an area tends to reach full development stage in the agriculture sector proper, the emphasis gets shifted to development of industrial units mainly in the small scale sector. The flow of funds to semi-urban and urban areas in Kolhapur in the recent years proves this point beyond doubt. Therefore, the development strategy has to be so designed that the focus gets shifted from agriculture proper to agro-processing and rural non-farm sector. This will also ensure proper integration of both farm and non-farm sectors as the two sectors will be mutually supporting each other. In order to achieve better results from such a development strategy, skill building in the rural area needs to be given higher priority. The study also highlights the fact that after the agriculture sector reaches full development stage, the supply led approach makes way for the demand led approach indicating the need for formulating appropriate credit packages to effectively meet the demand for credit.

Sogala S. S. (1995) in his studied the Economic development through institutional credit A study of the lead bank scheme in Karnataka For a study of the credit risk analysis of the loans granted under the Lead Bank Scheme, the Karnataka State was taken as the universe of study. The sample data for the study was collected from four districts representing different agro-climatic and development regions in Karnataka during the period 1989 and 1990. Primary data on bank loans was collected with a view to giving a micro-level dimension to the analysis. A large number of analytical variables were considered in the study.

The study makes an attempt to assess the methods and techniques in use in commercial banks for assessing the credit risk of small loans under the lead bank scheme in
Karnataka with a view to suggesting qualitative improvements therein. The thrust of the study is to explore and devise new techniques for appraising small loans so as to improve the quality of lending and help manage credit risks better. Examine the credit planning approach to credit analysis by exploring the credit planning methodology under the Lead Bank Scheme and the important refinements introduced therein by a new policy initiative taken in 1989 in the form of Service Area Approach. It also investigates the credit planning and implementation under the Lead Bank Scheme in the State of Karnataka with a view to evaluating the credit plan approach to credit analysis.

**Rengaswamy and A. Subbiah (1996)** 30 conducted a study in Kamaraj district to analyzed the sector-wise allocation and achievement of priority sector lending and found that the performance differ significantly among various financial agencies in lending to agriculture and industrial sector. The performance of public sector commercial banks is good and that of private sector commercial banks is relatively poor in lending to agriculture sector. They also found that there is no significant difference between allocation and achievement percentages of all sectors of priority sector lending which indicates that the sector-wise share of allocation made by Lead Bank to various financial agencies in Kamaraj district is reasonable to achieve.

**Dua H. S. (1996)** 31 in his book analyzed the social banking schemes, programmes and measures and the flow of credit diverted to priority sector in Patiala district. He was studied the share of priority sector advance out of total advances of scheduled commercial banks in India and bank-wise, sector-wise advances of commercial banks in Patiala district. Lead bank scheme was introduced to achieve social banking objectives narrowing inter-regional disparities and promote even distribution of institutional finance facilities.

**Gomathinayagam V. (1997)** 32 studied the impact of priority sector lending on the weaker sections of the rural poor. The study has lighted the impact various schemes under which assistance is provided. In addition, the study would also indicate the viability of the various schemes, the extent of crossing over the poverty line by the beneficiaries, the problems associated with the implementation of the programmes of assistance, and the like. Thus the results would help not only the organizational
executives in implementing the scheme, but also the authorities concerned in making policy changes.

The implementation of the rural development programmes calls for an appropriate administrative apparatus. In order to remove the drawbacks, the Priority Sector concept was introduced and commercial banks were directed to give at least 40 per cent of their advances to the priority sector. In each District Rural Development Authority (DRDA) was established and a nationalized bank is made as a Lead Bank for each district. The Lead Bank is entrusted with the responsibility to prepare the annual credit plan and is to take into account the full utilization of the labour strength and to have a direct attack on poverty so as to pave the way for a better redistribution of income. It aims at bringing technological innovations, developing non-farm activities and nurturing people’s institution and integrating the rural and urban sector of the economy.

Mallikarjunappa T (1997) 33 in his studied the Priority sector credit planning and monitoring in Dakshina Kannada District. The selects a district having unique features which enables banks and other institutions to undertake credit planning exercise without much problem of catering to too wide an area and dispersed population. Dakshina Kannada district had this unique feature. This is the district which not only has a good network of bank branches, but has also been a pioneer in banking industry. Four of the public sector banks and one private sector bank have originated from this district. The syndicate bank a pioneer in rural credit is the Lead Bank of the district.

The analyze various aspects of the priority sector credit planning and monitoring under the Directed Credit Programmes with reference to a representative district may be called upon to make suggestions for improved performance. This thesis has lead us to the conclusion that the priority sector credit planning and monitoring undertaken under the Directed Credit Programme has failed in one of the most representatives districts of the country. This leads to the conclusion the social banking has not been successful in achieving one of its important objectives.

Paliwal K. C. (1998) 34 in this book studied the background and genesis of the lead bank scheme, functions of lead bank, service area approach to rural lending, annual action plans and service area monitoring and information system. The introduction of social control over commercial banks. The lead bank scheme has succeeded in its branch
expansion programme as well as in providing access to credit to farmers and small enterprises.

**Kanagasabai S. (1999)** has analyzed the priority sector lending under lead bank scheme in the union territory of Pondicherry. The study is confined to the priority sector schemes operating in the Union Territory of Pondicherry. It is limited to Pondicherry only due to paucity of time and other resources at the disposal of the researcher. It has concentrated only on the different facets of priority sector lending and their relationship to the economic development of Pondicherry. It is a micro level study and its findings are applicable only to this limited area. The study is based on time series secondary data collected from the banks and other Government agencies. Despite the presence of a lead bank in the Union Territory Pondicherry.

The study outlined the progress of banking sector in the Union Territory of Pondicherry in general terms. This Territory is also covered by the lead bank scheme as other districts of the country. The implementation of this scheme has added to the strength of banking sector in the Union Territory. The priority sector lending about which this thesis is concerned has made rapid strides thanks to the lead bank scheme. The study deals with the multifaceted growth of lead bank scheme in the Union Territory of Pondicherry. Lead bank scheme has come as a panacea for the Union Territory of Pondicherry after nationalization of banks as it is devised to be a boon to the target groups and other weaker section beneficiaries to employ themselves in the productive process in various avocations by availing the critical input, namely, the credit from commercial banks at comparatively a cheaper rate of interest. In the Union Territory of Pondicherry, lead bank scheme as priority sector lending programme has been going on smoothly from the seventies as in other districts of various states and Union Territories.

**Giriappa S. (1999)** in his book analyzed the IRDP and PMRY schemes with reference to their structure and performance in Dakshina Kannada district of Karnataka, where the schemes have had some success. Performance of various banks in extending assistance to different activities in the region, evaluates their performance in respect of impact and recovery management. This study attempt to provide a synergic view of the schemes with respect to their stability, sustainment, integrality and also the part played by banking institutions.
Evaluation of bank assistance extended to socially disadvantaged groups like the scheduled castes in different activities reveals the emerging tendency of these groups to develop in many areas. Performance of banks in relation to extension of assistance in various fields, analyses various issues of bank-wise and region-wise sector coverage, quantum and significance of credit and loan repayment and defaulting.

Anbumani V and Ganesan P (1999) in their article analyzed the disparities in credit deployment: some critical issues. The study pertains to Coimbatore district which is predominantly agricultural and at the same time industrially advanced district in Tamil Nadu in 1983 to 1988. The study of branch expansion, deposit mobilization and credit deployment in the rural, semi-urban and urban areas. The analyzed of credit-deposit ratio of the commercial banks. The average deposit of a rural branch is just one fourth of an urban branch indicating a wide disparity between urban and rural areas in terms of deposit mobilization. The rate of growth of credit deployment is almost same among all the categories, in terms of absolute amount the disparity is so wide that the average credit deployment by a rural branch is just one-eighth of an urban branch. Reason attributed by banks for the low deployment of credit in rural areas is the problem of recovery.

Uma S. (2001) in her study the Problems & prospects of priority sector lending by commercial banks (A case study of small scale industries in Bangalore District). The study to some selected small scale industrial units located in Bangalore District. Since 22 per cent of the small scale industrial units of Karnataka are located in Bangalore District, we felt that a study of some of the selected units in this district will be representative of the State of Karnataka. The study examines the priority sector advances by public sector banks, which constitutes major part of the commercial banks.

Profile of SSI in the country, state Karnataka and the units under survey in Bangalore District. In order to improve credit deployment to priority sector, especially to small scale sectors, firstly it is very much necessary to find out whether the loans sanctioned are fully utilized by the beneficiaries or not. Secondly, it is important to examine the extend of repayment, as the absence of recycling of loanable resources may slow down the pace of institutional credit flow. So the purpose of this study is to examine to extent of utilization of working capital sanctioned to the small scale units at the national level, state level and
the sample units surveyed, and also to find out the extent of repayment and over dues of loans. We will also try to examine the causes for under-utilization and over dues.

**Bhagirath Singh (2001)**[^39] in his book analyzed the role of financial institutions in rural development, the problems faced by them in financing the weaker sections and the steps taken by the government and financial institutions for removing these problems. Innovations in the field of Rural Banking such as multi-agency approach, intensive area approach, village adoption scheme, lead bank scheme and agricultural development branches. He studied the programmes for rural development for SGSY, JGSY, SJSRY, PMRY etc. this programme analyzed the physical and financial performance.

**Mujumdar N. A. (2002)**[^40] in his book studied the financial sector reforms and India’s economic development. The financial sector reforms introduced in the 1990 as part of the process of liberalization and globalization of the Indian economy have, in effect, succeeded in alienating the financial system from the business of development. The study reforms, central banking, interest rate policy, commercial banking, industrial finance, rural credit and agriculture growth.

The new banking culture which has emerged as a result of reforms, with its emphasis on the more glamorous sectors at the cost of basic sectors, casts a shadow over the future of banking, particularly in the public sector. During the 1990 public sector banks defaulted on the credit targets for priority sectors and for agriculture and RBI winked at the default. The report of the committee on banking sector reforms submitted in April 1998 has not attracted as much attention as the report of the committee on financial system submitted in November 1991.

**Uday Kumar Lal Das (2002)**[^41] in his book *Banking Reforms in Lead Bank Scheme*, was the critical evaluation of the lead bank scheme. It is a comprehensive analysis of the banking reforms, lead bank scheme and priority sector development in India. In this book observed that low productivity, overstaff and archaic methods of operations have affected the profitability of public sector banks. Das sincerely felt that the whole banking sector in India is to be revolutionized to cope with the changing dimensions of the satellite one world. Further, he felt that the backward areas should be given more funds for investment in priority sectors and more and more people should be brought under its coverage and the procedures of extending credit should be simplified and there should be least hassle.
cost. The book contains critical evaluation of the lead bank scheme in India with the prescription of suggestions or improvement.

**Antony M.P. (2003)** has studied to critically evaluate the institutional framework of agricultural credit and its flow among regions, size groups sources and crops within the broad profile of the agricultural economy of Kerala. The researcher has examined five main dimensions in this study with the help of a primary survey and by analyzing the existing available data base of the institutional credit delivery system to agriculture. The research is based on the primary survey and the performance appraisal of the District Credit Plans of various years and all the districts of the state and he has tried to analyze the inter-regional, inter-district and inter-institutional variations in the availability of institutional credit to agriculture. The District credit plan envisaged with the lead bank scheme is intended to facilitate decentralized planning with credit objectives. In this approach, each nationalized bank was given specific responsibilities for the development of banking in certain districts of the country. The bank would survey the banking potential to establish branches and formulate credit plans to fill up the credit gaps in the rural areas. Thus the idea of Lead bank Scheme was evolved to provide an appropriate organizational framework for ensuring participation in a co-ordinate manner by various financial agencies along with the concerned governmental agencies in assisting the developmental efforts in the district.

**K.R. Srilakshmi (2003)** has analyzed the flow of credit to agricultural sector is reduced considerably. As stated earlier, the sample commercial bank did not meet their target of agricultural credit which was fixed by the lead bank of the district. The study reveals the fact that the poor recovery performance in agricultural sector is the major constraint in extending funds to this sector. As per instructions on National Bank for Agriculture and Rural Development the Commercial Banks and other credit agencies are eligible for refinance when their recovery performance exceeds 60 per cent of the demand. The sample commercial banks have not achieved their fixed by the lead bank of the district for agricultural sector. The target for agricultural credit for non-lead banks was raise many time in the district between 1993 and 2000.

**Rajesh Pal (2004)** in his analytical study the Changing Role of Banks in the context of planned economic development, the characteristic features of the backward economy of
Banda District and in depth study of the working of banks and lead bank scheme. He was discussed the lead bank scheme as casting its impact on branch expansion, deposit mobilization, credit deployment policy and practices, specially lending to priority sectors. I have made an effort to evaluate the impact of the lead bank scheme on the economy of Banda District. The area approach and micro level planning necessitated the case study of the quantitative impact of the measures adopted under the lead bank scheme.

The greatest striking features that have taken place in Banda district is the rural upliftment that come to be as a result of as series of anti-poverty programmes implemented in the district by the lead bank. These programmes covers agriculture and allied activities, small scale, rural and cottage industries, tertiary sector, educational and minimum need consumption overheads. Thus the lead bank is an instrument for transforming the rural Banda into a pretty modern district.

Raul R. K., Jaynal Uddin Ahmed (2005) in their book the Public Sector Banks in India and Impact of financial Sector Reforms the study has covered important aspects of the working of public sector banks in the context of financial sector reforms. The need of financial sector reform in India examine the details of different facets of financial sector reform with special emphasis on banking sector reform. It covers the committee recommendations and their subsequent implementation analyses the growth and development of public sector banks in the national level. The analysis of the growth and development of public sector banks in the area under study on the basis of the selected parameters viz. deposits, advances and CD-Ratio. Further comparison of growth rate has been made in two periods- pre and post reform regime. A study in respect of impact of financial sector reform of public sector banks is, therefore likely to be extremely relevant and interesting particularly in a backward area. He selected study area in the Barak Valley, southern part of Assam comprising of three districts Cachar, Karimganj and Hailakandi.

Mohanan M.K. (2006) his studied the comparison of pre and post reform period figures and growth rates was made in respect of branch expansion, deposits, credits, priority sector advance, agriculture advance etc. The study was both empirical and analytical. The period of study is from 1981 to 2004. The period from 1981 to 1991 is
taken as pre reform and from 1992 to 2004 as post reform period for the study. Both primary and secondary data were used.

Banking sector reforms (BSRs) introduced in India since 1990s have changed the attitude of banks and they now provide top priority for profitability and wealth accumulation. Their participation in rural areas in the form of number of branches, growth of deposits and credits, priority sector and agriculture advances and credit deposit ratios declined during the post reform period as compared to the pre reform period. Because of the enhanced focus on profit, banks find it less attractive to maintain their rural branches. The main problems in government schemes lending are identification of beneficiaries, ignorance of beneficiaries, lack of monitoring and lack of training. With regard to the attitudes of bank managers towards BSRs, it was found that bank managers have a neutral attitude towards BSRs. However, the analysis on the level of support of bank managers towards BSRs revealed that the bank managers are marginally supporting the reform measures.

Aowte Yasmin (2006) 47 she has studied the Lead Bank Scheme in Sindhudurg and Ratnagiri district both district lead bank is Bank of India. Her study period is of 2000-01 to 2004-05, She studied the working of the lead bank scheme of both district. Explain the service area approach and functioning of Lead bank scheme. Studied the potential linkage credit plan both district and various government sponsored scheme examine the detail explain the SGSY and PMRY scheme. The studied the various government scheme in progress through the lead bank scheme. The examine the development programmes in the district and how to progress. The studied the comparitavaly to Sindhudurg and Ratanagiri district and suggestion that the how improve the scheme in the district.

Harshitha G.S. (2007) 48 Farm credit is a strategic input and demand for it steadily increased with the advent of modern technology. Among the various financial institutions, the co-operatives have emerged as a major source of agricultural credit. A three-tier system of co-operative credit structure came into existence to meet short term and medium term credit requirements of the farmers. An enquiry into the working of DCC bank Shimoga could reveal interesting facts about the bank’s performance according to geographical variations. Two DCC bank branches were selected for the study, which represented two different geographical regions. The study was based on
both primary and secondary data. The growth in the number of branches, employees, membership and deposit account was positive and significant. Except the number of loan account and overdue amount all the other financial variables showed positive and significant growth. The liquidity and solvency position of the bank was found to be sound. However, the net profit to net worth ratio was found to be negative from 1998-99 to 2002-03. The recovery percentage for the selected DCC bank branches increased over the years. The regression analysis suggested that the variables, namely experience and training undergone by Chairman and Managing Director positively and significantly influenced the overall performance of the bank. The discriminate function indicated that higher level of education and family size tended to increase the number of willful defaulters.

Sheeba Kapil (2007)\(^49\) in her research paper studied the branch expansion by public sector banks. Before the nationalization of banks and subsequently the nationalization of major commercial banks in 1969 and again in 1980, there was a general tendency to open bank branches and their offices in urban centers of the country. This resulted in deprivation of vast segment of population from the banking facilities. It was feared that this sort of regional disparity will lead to widespread resentment between the rural and urban people. To bridge this gap of economic disparities, it was essential that bank offices be spread over every nook and corner of the country. Subsequently shift from securities-orientation to purpose orientation was witnessed. Now the situation has changed. Due emphasis is being given on dispersal of branches in semi-urban areas. The thrust on rural orientated branch expansion is evident from the wide coverage of unbanked and under-banked areas. The philosophy of geographical coverage of banks is to reduce the regional disparities in the provision of banking facilities.

Jagtap Kishor Nivrutti (2007)\(^50\) he was analyzed the impact of programme on income generation and poverty alleviation of the poor with the mix of bank credit and government subsidy. The analysis is also carried out to assess the impact on Assets creations, employment generation, repayment capacity, recovery performance and economical and social development of the poor and also to cover perceptive impact of the programme. In order to complete this study a number of people have contributed in different capacities.
The number of applicants requesting loan under SGSY scheme is less than 10% when compared with other loans. This situation is more or less similar in all branches of participating banks in the district. The coverage of participating Banks under the programme is based on networking of their branches. Bank of Maharashtra being the lead bank of district contributed with major share in loaning to 40.10% swarozgaris and 40.57% self help groups.

B Yerram Raju (2007) has studied the priority sector requirements and fresh guidelines to banks issued by the RBI has to be reinforced with appropriate review mechanisms. In the broad scheme of things what it omitted to review was the working of Lead Bank Scheme, which had its focus in the 1970s on branch expansion in rural areas and in the 90s on Service Area Planning that was given a go-by post-2000. The focus is shifting fast to ensuring financial inclusion and a host of other issues pertaining to credit for the farm and SME sectors. But the way the LBS are currently under implementation is not different from what it was two and half decades ago. The district collector as chairman witnesses a laborious and routine review of the targets set for government programmes like the SGSY, credit targets under SC Action Plan, Tribal Sub-Plan, identification of target groups by various agencies and non-implementation of targets for various reasons that get repeated meeting after meeting and with similar excuses.

Report of the expert group on Agricultural Indebtedness Ministry of Finance Government of India, (2007) The Lead Bank Scheme was designed to bring about close coordination between district planning authorities and banking institutions. In the context of emergence of new institutions such as federations of farmers SHGs and the growing need for credit counseling by farmers, the Expert Group recommends that RBI should revitalize Lead Bank Scheme.

The Lead Bank Scheme acts as consortium leader for coordinating the efforts of all credit institutions in the allotted districts to expand the flow of credit to priority sectors agriculture, small scale industry and other economic activities. Annual Action Plans field inquiries suggest that the entire structure covering the working of the LBS and the associated planning exercises have become ritualistic and less effective. This is an area which required a closer review, firm decision-making and clear guidelines from the RBI. In the changed context, the LBS can play an effective role in facilitating a better flow of
credit to farmers for both farm and non-farm activities. LBS can organize facilities for credit counseling for farmers at block level through selected bank branches.

Devaki Muthukrishnan (2008) in her research paper stated that financial inclusion was implemented in Karnataka, unlike in other states, under the Service Area Approach-Lead Bank Scheme by all the bank branches operating in the State. The campaign was driven and monitored at the block and district level by the Lead District Officers of Reserve Bank of India, Bangalore. RBI, Bangalore initiated action on IT enabled financial inclusion and proposed to make payments under NREGP and social security pension through banks. She also stated that RBI, Bangalore has launched a FIN-LIT project with a series of four comic books which educate the various target groups about the banking products and services in English and Kannada. A short film on the frames of these books with voice over in Kannada was put in the Mysore Dasara Exhibition. She concluded that financial inclusion should be led by understanding the needs of customer rather than achieving the targets. They can use technology such as ATMs, Smart cards, Mobile phone to reduce costs.

Kalaichelvi G (2009) his studied the involved with a survey of agriculturists and bankers in Tiruchirappalli District and evaluate the performance of the commercial banks in farm credit, whether the credit requirement of the farmers are fully met, whether the credit influences the productivity and whether the loans given are properly recovered. The borrowers were also interviewed with regard to the banker’s attitude in extending farm credit, their opinion about the institutional finance and the repayment of loan borrowed by them. The study identifies the causes of over dues and recommends the best practices for recovery of over dues. Thus the study helps to improve the agricultural credit situation in Tiruchirappalli District.

The reasons for poor loan recovery were largely attributed to lack of sufficient field staff to ensure follow-up after the sanction of loan and absence of statutory powers to induce prompt repayment by the borrowers as far as the banks are concerned. the reasons for non-payment of the loan amount by the borrowers were, frequent crop failure, diversion of the loan amount for purposes other than agriculture, farm investment turning out to be unproductive, the income from the crop yields was not sufficient to repay the loan while maintaining their families and priority given to the repayment of loans borrowed from the
private moneylenders. Some of the suggestions for prompt recovery of loans includes continuous supervision and follow up action after the loan is dispersed, realistic assessment of loan requirement and providing technical support to the farmers to increase the productivity which will ensure better repayment by the borrowers.

**Uppal R. K. and Rachna Kumari (2009)** in his book studied the priority sector advances by the public, private and foreign bank groups. The study the targets and achieved by public, private and foreign bank groups. The study concludes that the private sector banks have not achieved the target of 40 percent while private sector banks have achieved the overall target. No private sector bank could achieve the 10 percent target for lending to weaker section. Foreign banks have achieved the small scale industries, export credit and overall target. Priority sector advances of all bank groups are increasing. Indian banks have not achieved some targets fixed by RBI. Lending to priority sector creates many problems for the Indian banks like low profitability high NPAs (Non-performing assets), transaction cost etc. If the priority sector advances are given they will helpful to reduce the poverty level.

**Report of the High Level Committee to review Lead Bank Scheme Reserve Bank of India, (August 2009)** The report, inter alia, recommends the need for enhancing the scope of the scheme, measures to be taken for its strengthening and suggests a decentralized approach for facilitating financial inclusion.

The LBS has been able to mould itself to meet the emerging needs as perceived by the concerned State Government and banks in each State. Being the only forum where the top officials of banks and government meet at the State/district level to discuss issues of mutual interest, the utility of SLBC/DCC as a forum of communication and coordination has been its biggest achievement. Based on the response to a questionnaire circulated by the Committee and discussions held with State Governments, banks, academics, NGOs and other stake holders, the committee concluded that the Scheme is useful and needs to continue.

**Uppal R. K. (2009)** in his study the priority sector advances by the public, private and foreign bank groups. This study is based on the parameters like lending to priority sector by public, private sector and foreign bank groups, targets achieved by public, private sector and foreign bank group NPAs (Non-performing assets), while lending to priority
sector. On the basis of these parameters, the study concludes that public sector banks have not achieved the target of 40% while private sector banks have achieved the overall target. No private sector bank could achieve the 10% target by lending to weaker section. On the other hand, foreign banks have achieved the small scale industries’ export credit and overall target. NPAs of public sector banks have increased because of high priority sector advances. The paper also throw light on the problems or issues which arise due to priority sector advances and also suggest some strategies to sought out these issues. All the parameters have been analyzed for the period, 2006 – 2007. The study concludes that priority sector advances of all the banking groups are increasing. If the proper priority sector advances are given they will be helpful in reducing the poverty level.

Nandy Debaprosanna (2010) in his book studied the need and relevance of reforms in Indian banks, measure the performance of the banks of West Bengal during the reforms. The bank group-wise share in deposits of scheduled commercial banks depicts that nationalized bank group contributed more than 50 per cent in the total deposits mobilized by all scheduled commercial bank in the year 2005. He was studied the bank group-wise share of advances of scheduled commercial banks and priority sector advances to total advance of bank group-wise in 1992 to 2005.

Jaynal Ud-din Ahmed (2010) in his article analyzed the priority sector lending is mainly intended to ensure that the assistance from the banking system to those sectors of the economy which has not received adequate support of institutional finance. The attainment of the socio economic priorities of the government like growth of agriculture, promotion of small entrepreneurs and development of backward area etc is the major responsibility of commercial banks. Since seventies, Reserve Bank of India and government of India have stipulated guidelines for priority sector lending by banks. The same was revised on April 30, 2007 and overall priority sector lending target was fixed at 40 per cent for domestic banks and 32 per cent for foreign banks. However, the banks are not able to reach the prescribed target of lending to priority sector. The small entrepreneurs and farmers are continued to be both credit and demand constraints. Thus, it can be observed that the demand for funds for priority sector viz., small entrepreneurs and agricultural sector is enormous. With this backdrop, the present treatise is an attempt
to diagnose the various lacunas of priority sector lending by commercial banks in the area under consideration in the context of national scenario.

The concept of priority sector lending is mainly intended to ensure that assistance from the banking system in an increasing manner to those sectors of the economy which has not received adequate support of institutional finance. RBI monitors the PSL by commercial banks through periodical return received from the banks and the performance of banks is reviewed in various foray set up under the lead bank scheme.

**Bhushan Anant (2010)** in his article studied the envisaged increasing lending to sectors like Agriculture, SSI and Services with emphasis on borrowers of small means. The Lead Bank Scheme was formulated as a model for facilitate on of economic development through the banking system, there was phenomenal growth in bank branches and their outreach, greater emphasis on lending to the priority sectors, schemes for alleviating poverty, impressive strides in microfinance, etc. Private sector banks should involve themselves more actively by bringing in their expertise in strategic planning and leveraging on information technology. The Lead Banks, on their part, should also ensure that private sector banks are more closely involved in the Lead Bank Scheme, both while drawing up and in implementing the Annual Credit Plans. He studied the emergence of service area approach, expectation from lead bank scheme and working of lead bank scheme.

**Sasirekha S (2011)** in her studied the recovery performance of commercial banks regarding priority sector loans in Tiruchirappalli district. Indian Overseas Bank, the lead bank of the district implements the Annual Credit Plans with the help of various financial agencies and monitors their overall performance. The study covers a period of five years from 2002-03 to 2006-07. The study about the inception and development of commercial banks in India. Create a general awareness about the priority sector loans provided by commercial banks and the measures adopted by the bankers in re covering the loans. The study to make a comparative study about the priority sector loans demanded by public and private sector commercial banks and to find out the extent to which such loans have been recovered in Tiruchirappalli District. The studies make a comparison of the repayment performance of borrowers of public and private sector banks in Tiruchirappalli district. To find out the reasons for poor recovery of priority sector loans by the
commercial bankers and non-payment of priority sector loans by borrowers within the stipulated time. When the trend of recovery of agricultural loans is analyzed, the performance of both the public and private sector banks has shown a tremendous improvement. The trend of recovery of industrial loans by public sector banks is appreciable.

Akhtar Jawed and Alam Shabbir (2011) in his book studied the banking system in India, various policy measures of banking sector reforms and analyzed performance of banking sector in India. Reforms in the commercial banking sector had two distinct phases. The first phase of reforms introduced subsequent to the release of the report of the committee on financial system in 1992 focused mainly on enabling and strengthening measures. The second phase of reforms introduced subsequent to the recommendations of the committee on banking sector reforms in 1998. After nationalization of the banks, more emphasis was given to lending according to national priorities, particularly in the favour of neglected and weaker sections of the community so as to help them in their productive endeavours.

The bank accepted the challenge of spreading banking to difficult areas of the country and bridging the gap between backward and non-backward regions by introducing innovative programmes like the service area approach and lead bank scheme.

Devaraja T.S. (2011) this working paper attempts to analyze the issues in institutional credit in India. The analysis reveals that the credit delivery to the agriculture sector continues to be inadequate. It appears that the banking system is still hesitant on various grounds to purvey credit to small and marginal farmers. The situation calls for concerted efforts to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes. Facilitating credit through institutional sources – commercial banks, cooperatives and RRBs that are vertically integrated with the farmers for providing them critical inputs or processing their produce, could increase the credit flow to agriculture significantly. Agricultural credit is disbursed through a multiagency network consisting of Commercial Banks (CBs), Regional Rural Banks (RRBs) and Cooperatives. An assessment of agriculture credit situation brings out the fact that the credit delivery to the agriculture sector continues to be inadequate. It appears that the banking system is still
hesitant on various grounds to purvey credit to small and marginal farmers. The situation calls for concerted efforts to augment the flow of credit to agriculture, alongside exploring new innovations in product design and methods of delivery, through better use of technology and related processes.

Ramchandra D. Patil (2011) in his paper study performs a situational analysis of the banking performance in the priority sector lending in Kolhapur District. Commercial Bank groups and those in the private sector must be advised to fall in line. It seems that, in case of State Bank Group and Nationalized Bank Group the targets set by the District Credit Planning Committee are not sufficient or less. While setting the target the District Credit Planning Committee should consider the business of the respective bank as well as the demand from the borrowers belong to priority sector. The advances of cooperative banks and other financial institutions have been quite satisfactory as compare to their total advances, but it is showing the deceasing trend. The major reason behind this failure can be decrease in the business of these banks.

L.M.Ganesan (2011) During the course of study visit to Kolhapur, I paid a visit to the Bank of India, Zonal Office, Kolhapur, controller of Lead Bank on August 26, 2011. I interacted with Shri.V.V.Agnihotri, DGM & Zonal Manager and his team of officials dealing with financial inclusion. They said that for Bank of India, the financial inclusion was a viable business proposition. They described the systematic way; the bank had gone ahead with its implementation in a professional way.

The study in this village has been conducted from August 24-27, 2011. The Lingnoor Kapashi village is located 53 KM from Kolhapur town. This village is located on the Maharashtra / Karnataka Border. One has to pass through Karnataka State to reach this Maharashtra village. It is 5 KM from Nippani Taluk of Karnataka. The village is attached to Khadkewada Branch of Bank of Maharashtra which is 3.5 KM away from the village.

The process of enrolment and issue of Smart Cards was commenced in the village in April 2011. Total number of households in the village is 406. As on October 20, 2011, no frills accounts have been opened for 385 households but only 225 (55%) of the households received the smart cards. To facilitate comparison, the main features of an alternate ICT Based BC Model for financial Inclusion.
P. Raman, Dr. N. Thangavel (2011) he was studied of the financial facts of social banking. The banking system touches the lives of millions and has to be inspired by larger social purpose and has sub verse national priorities and objectives such as rapid growth of agriculture, small industries and exports, rising of literacy rate, encouraging new entrepreneurs and development of backward areas. For the purpose it is necessary for the government to take responsibility for the extension and diversification of banking services and for the workings of substantial part of banking system. Government of India initiated a revolutionary step for banking companies. There are 28 scheduled commercial banks and also Private sector and Foreign sector Banks available in India. Branch expansion and priority sector lending scheme became the main part of social banking. During the post nationalization period, the policy of branch expansion let to increase the number of branch banks all over the country to extend services. Similarly priority sector lending envisaged 40% of the net credit of all scheduled commercial banks to priority sectors. Priority sector lending to target sectors have succeeded in the reduction of poverty in India.

Silony (2011) he was analyzed the related to performance of public and private sector banks in Punjab with respect to branches, deposits, credit, priority sector advances, agricultural advances, small scale industrial advances and other priority sector advances during post reforms period. For the purpose of study, two sets of data have been collected. One set of data pertaining to period 1990-91 to 2007-08. The study found that branches, deposits, credit, priority sector advances, agricultural advances, small scale industrial advances and other priority sector advances of private sector banks in Punjab grew at higher rate than that of public sector banks in Punjab. Public sector banks in Punjab showed faster growth in the case of other priority sector advances followed by agricultural advances and small scale industrial advances while in the case of private sector banks agricultural advances grew at higher rate followed by other priority sector advances and small scale industrial advances. Private sector banks in Punjab had higher growth than their counterpart in terms of achievement of targets regarding total priority sector advances and its various components. There was uneven distribution of total priority sector advances and its various components by the banks in different districts of Punjab during the reference period. Further the opinion of beneficiaries and bank
managers regarding priority sector lending was studied. In the end, some suggestions were given for the improvement in the performance of commercial banks regarding priority sector lending programme.

**Surender Kumar Gupta, Sarita Verma (2012)** in this paper an analysis has been made to identify evolutions and progress of commercial banks in rural area. The Financial Sector has been successful in improving the health and efficiency of Financial Sector in India but they have failed in achieving growth with equity. Banks must also strengthen their credit delivery systems for Rural India. Today, finance and banking systems are very strong. Since the financial reforms of 1991, there have been significant favourable changes in India’s highly regulated Financial Sector. It concludes that the financial reforms have had a moderately positive impact on reducing the concentration of the Financial Sector and improving performance. The Indian Financial Sector is an important constituent of the Indian financial system. The Financial Sector plays a vital role through promoting business in urban as well as in rural areas in recent years. Without a sound and effective banking system, India cannot be considered as a healthy economy. For the past three decades India's banking system has several outstanding achievements to its credit. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. The reforms also include increase in the number of banks due to the entry of new private and foreign banks, increase in the transparency of the banks’ balance sheets through the introduction of prudential norms and increase in the role of the market forces due to the deregulated interest rates. These have significantly affected the operational environment of the Indian Financial Sector.

**Hegadal R.V. (2012)** in his studied the socio-economic impact of priority sector lending by commercial bank with special reference to Haveri district. The social objective of nationalization of commercial banks was to concentrate more attention on the remote, backward and hilly areas of the country and on the higher to neglected sectors of the society, such as agriculture small and cottage industries, marginal farmers, landless labourers, SC/ST, self employed persons, village artisans, small traders, needy students and exporters. The post nationalization period witnessed a phenomenal increase in the operations of commercial banks in India particularly for the benefit of the higher to
neglected sectors namely the priority sector. However some of the sub-sectors under the priority sector still remained neglected. They got a negligible share of the total finance secured by the priority sector out of the total credit advanced by commercial banks.

The study the growth trends of the priority sector loans advanced by commercial banks to different categories of beneficiaries in the study area. To examine procedural aspects of priority sector advances to the borrowers by the selected commercial banks in the study area. To evaluate the utilization of loans by the borrowers under the priority sector lending by the selected commercial banks in the study area. To assess the supervision and recovery aspects of priority sector loans provided by commercial banks in the study area. To evaluate the impact of priority sector advances on the borrowers.

Surendran A., B.Manoharan (2012) in this paper analyzed of the “Performance of Lead Bank Scheme in Virudhunagar District of TamilNadu”. Commercial Banks should provide adequate credit to Agriculture and Allied Sectors. An integrated approach is required on the part of Lead Bank as a consortium leader with regard to assessing the potentiality of the district and meeting out the credit needs of the target groups. The shortfall noted in the operation and preparation of Annual Credit Plans should be overcome through useful and realistic approach. Although the performance of Lead Bank in respect of overdue is satisfactory, it has to formulate suitable strategies and instructing the banks and officials in the district in bringing down the overdue. The scheme has been made successful in providing credit to the weaker sections of the society and promoting coordination among different agencies for the development of the country.

Kewal Kumar and Atul Gambhir (2012) in his paper analyze the Priority sector lending is a scheme guided by government and RBI to commercial banks about obligatory deployment of credit to preferred and desired sectors and sections of the economy. Preferred sectors and sections are agriculture, small scale industries, small businessman, education, housing finance etc. and sections of the society are below income persons. The object behind Priority Sector Lending is equitable and sustainable economic development at desired direction.

Though public sector banks have progressed remarkably and achieved their targets, private sector banks are lagging behind in this respect. Now on invent of some new schemes like Priority Sector Lending banks in India are shaping the economy and are
providing an impetus to the economy. Despite various qualities and goodness, the scheme is not free from problems. Public sector banks have progressed well in priority lending but their qualitative aspect is to be evaluated. The impact of priority sector lending scheme is positive. Banks are now deploying credit in desired direction and providing an impetus to the rural economy. Future prospect of the PSL is bright in India.

Kulkarni P.R. (2012) in his article analyzed The Maharashtra State plan for financial inclusion is entitled as ‘Swabhiman’ under the initiative of Govt. of India. It promises to bring basic banking services to all unbanked villages in the state. The Swabhiman movement facilitate opening of bank accounts, provide need based credit, remittance facilities and help to promote financial literacy in rural India using various models and technologies including branchless banking models through Business correspondents. RBI on the basis of recommendations of High Level Committee on Lead Bank Scheme directed lead banks to draw a road map to provide banking services through a banking outlet in every village having a population of over 2000, by March 2012 and further stated that such banking services may not necessarily be through a brick and mortar branch but can be provided through any of the various forms of ICT-based models with the help of hand held machines, smart card & Business Correspondents. The picture of financial inclusion in the state is not satisfactory. The Indian scenario of financial inclusion is not satisfactory. Almost 50% of the population is unbanked. The Maharashtra state scenario of financial inclusion is also not satisfactory. About 45% of the population is unbanked.

Roy Swapan Kumar (2012) in his article studied the importance of financial inclusion. Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of the society. The Government of India has taken a number of initiatives so that the banks can serve the poor in a hassle-free manner. In this article, an attempt has been made to highlight the pros and cons of financial inclusion in India. The majority of people living in rural areas remain excluded from the purview of the financial institutions even after 64 years of independence. Reaching out to the hither-to unreached segment of population and providing basic financial services is the need of the hour. To bring a large segment of the society under the umbrella of financial inclusion, banks have set up their branches in
remote corners of the country. The rules and regulations have been simplified. It goes without saying that the banking industry has shown tremendous growth in volume during the last few decades. India’s fastest growing economies have become possible through financial inclusion. In spite of that, still there are large segments of the society outside the financial system.

**Sandeep Kaur (2012)** he was attempt to study the priority sector advances by the public, private sector and foreign bank groups. All the parameters have been analyzed for the period 1997-1998 to 2008-2009. The study concludes that public and private sector banks have achieved the overall target of 40 per cent. On the other hand, foreign banks have achieved the small scale industries, export credit and overall target.

Thus, it is concluded from all the tables that lending to priority sectors are higher by the public and private sector banks than the foreign banks. Public and private sector banks have achieved the overall target and sub-target but not as much as foreign banks. Non-achievement of agriculture lending target by many public and private sector banks is due to low capital formation in agriculture resulting in poor credit absorption and write-off of non-performing loans leading to reduction in the outstanding advances in the case of some banks. Lending to priority sector creates many problems for the Indian banks like low profitability, high NPAs, transaction cost etc. it is a need of the hour to find out solutions for these problems otherwise progress of the Indian banks will cease.

**R.Hemalatha, M.Jayalakshmi (2012)** in this article stated the lead bank is expected to act as a consortium leader and invoke the cooperation of other banks operating in the district in mobilization of deposits, locating actual and potential trade units and catering for these. In Virudhunagar District Indian Overseas Bank is the lead bank as it is having a maximum of 19 branches in the district. SBI another leading public sector bank is coordinating with IOB in implementing the lead bank schemes. Lead bank for development of Agriculture, Industries and Service Sector is analyzed in the article.

**Rajeswari G. (2013)** in her studied the performance of commercial banks with special reference to priority sector lending a case study of Srikakulam district. The examine concept and evolution of priority sector lending in India. The study assesses the operational performance of commercial banks in general and Srikakulam district in particular. To evaluate the priority sector advances under district credit plans and to
assess the impact of priority sector advances on the development of the Srikakulam district. To review the priority sector advances in the context of financial inclusion programmes in Srikakulam district. The study has been taken up for a period of 11 years commencing from April 2000 to March 2011 for the purpose of collection of data. The study covers the operational performance of commercial banks in terms of deposit mobilization, credit deployment, credit deposit ratio and the priority sector advances of commercial banks. Advances made to weaker sections and Differential Rate of Interest (DRI) advances are also covered, as these advances are eligible for counting as priority sector advances. Lead bank should organize loan meals in rural areas to create awareness about the various deposits schemes, interest rates on deposits and loans. Banks should devise suitable schemes taking into account the needs of the area. Financial Literacy-cum-Credit Counseling centre has to play a lead role in credit counseling aspect. They have to create awareness about use of formal finance than taking loans from local money lenders at high rates.

Parameshwari. M, Saravanan. M (2014) in his article studied the Lead Bank Scheme provides and ensures the flow of credit to the core sectors of the rural economy. It has not only created awareness for better credit planning but has also resulted in better understanding of mutual problems at the grass roots level both for banks and various government departments. Under the scheme, all the nationalized banks and a few private sector banks were allotted specific districts and were asked to play the “Lead role”. The allotment of districts of the various banks was based on such criteria as the size of the bank, the adequacy of its resources for handling the volume of work.

Conclusion
Review of literature relating to my research topic reveals that a number of research studies have been undertaken in our country. The majority of studies have been concentrated to examine finances under the lead bank scheme in India. Likewise, study of finances of rural and urban area. In this backdrop, our study is of novel in nature, and a significant contribution to the research concerning this topic of research. The present study tries to fill in important gaps and lapses relating to the finance.
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