CHAPTER - I

INTRODUCTION
Indian economy depends upon the prosperity of rural sector. The rural sector consists of agriculture and allied occupations, small and tiny industries, cottage and village industries, handicrafts, etc. In other words, the prosperity of this sector is the bedrock of economic activity; and on which depends growth and development of economy. In the absence of growth and development of this rural sector, the removal of poverty remains a distant hope. Therefore, the progress of rural sector is *sine-qua-non* for the economic development of India. It is worth sharing and subscribing to the opinion of Father of the nation, Mahatma Gandhi. He said: 'Real India lies in Rural India.'

India can not ignore rural development to improve the quality of economic conditions of the rural people in particular and to accelerate the overall economic progress in general. Rather rural
development should occupy the main focus of the development process. Realising and recognising the significance of development of the rural sector, the Government of India has been emphatically given due importance in the Five Year Plans to activate the rural development activities. To ameliorate the living conditions of the economically weaker sections of the society and also to create conducive conditions for the faster and all-round growth of economy particularly rural sector. Late Prime Minister, Smt. Indira Gandhi ushered in Twenty Point Economic Programme in 1975. Further, to increase food, work, and productivity, a solution to all the economic ills, a vital push has been provided for in the Seventh Five Year Plan.

Features of Rural Economy

Agricultural sector, along with its allied activities, occupies a prime place in the rural economy. It provides economic sustenance for nearly 70 per cent of population, contributes to about 40 per cent of gross domestic product, earns 40 per cent of foreign exchange earnings, supplies raw materials to the agro-based industries, such as cotton textiles, jute, tobacco, sugar. The progress of transport system depends on it by transporting the agricultural produce. Shenoy while delivering key note address on Economic Reforms in Agricultural Sector is observed thus: "Indian agriculture has many blessings and excellent prospects. Productive land, plentiful rainfall, and sunlight, hard working farmers, skilled scientists and technologists as well as large markets, domestic and international. It has the potential
to double its growth rate which can substantially increase the number of farm and non-farm jobs, eradicate the poverty and support economic growth."¹ Gunnar Myrdal opined that, "it is in the agricultural sector that the battle for the long term economic development of South-Asia will be won or lost."² With reference to India, Coale and Hoover too expressed the same view.³ Wilson Gee has emphasised the importance of agriculture. He said; "without the fundamental contribution of agricultural industry, all the rest of fabrics of their civilisation would topple into ruins almost overnight."⁴ So, proper utilisation of agricultural resources, allied agricultural activities, agro-services, agrarian relationship, and agro-industrialisation are the determining factors to augment agriculture leading to industrialisation. The fabrics of agricultural economy, thus, knits for industrialisation.

William Nicholls says: "If agriculture stagnates, it will act as a brake on industrial expansion and halts real growth."⁵ The vicious circle of poverty, unemployment, and underemployment has

pushed down the Indian economy. In this regard, the All India Rural Credit Review Committee has observed: "The agricultural sector would alone act as a catalyst in breaking the vicious circle of poverty." Reference is made to the agriculture with allied occupations - the small and tiny industries, the cottage and village industries, the handicrafts, etc., - which play a greater role in generating employment opportunities. "Growth of small industry can contribute significantly to an employment oriented and regionally more balanced pattern of industrialisation." This, in turn, lies in on improvement in agriculture and off-farm production.

No nation can cast away its shackles of poverty and backwardness, unless its men are to take to work. Hence, removal of poverty and increase of employment avenues in rural areas in promotion of rural-based programmes is the main strategy. Dandekar and Rath declare that "urban poverty is an overflow of rural poverty. Hence, action against poverty has to be initiated in rural areas." "Movement from rural areas account for about 60 per cent of urban growth. Rural areas have not been the focus of developmental policies. But, with a substantial proportion of population still in rural areas and the growing inability of urban areas to house, feed and work urban migrants, rural development becomes imperative."  

Therefore, the most durable route to alleviating the scourge of poverty lies in rapid and substantial growth of output and employment. It means that the integrated rural development programme should be implemented, covering the target beneficiaries. A responsible and responsive institution with integrated approach at the district level is a 'must'.

**Problem of Rural Economy**

The rural economy is an indebit impact on the Indian economy. Several impediments are however in the way of rural development. They are (i) inadequate infrastructure, (ii) improper resource development, and (iii) unequal distribution of resources.

Any policy and programme of development has to be in consonance with resource development, both in qualitative and quantitative. The meaningful association of resources for productive and economic purposes can be sought by increasing investment and governing channels. Nature is endowed India with vast resources but scattered in terms of space. The development of infrastructure facilities like banking, marketing, storing, water channels, manpower and transportation; covering all the potential villages need a total approach with collaborative, coordinative and cooperative efforts.

The problem of Indian agriculture are mainly institutional in nature. The Indian farmer is second to none in his ingenuity and industry, but distortions in different institutions and system need to be
removed through a sensible policy package. In brief, cooperation among the institutions, time and again, will be a prerequisite factor for reaping optimum economic results on equity. This needs specific strategies and programmes, restoring operational efficiency and financial viability of the projects on which only the success of overall development crucially depends.

Credit

Raising funds from outside source is a matter of credit. The term 'credit' is derived from the Latin word 'credere' which means to 'trust.' Meller defines 'credit' as "a devise for facilitating a temporary transfer of the purchasing power from one individual or organisation to another." In the words of Herrik, "credit is that form of confidence reposed in a person which enables him to obtain from another, the temporary use of thing or value." Tannan has rightly defined the concept of credit and it is worth mentioning here. He defines it as "the present right to a future payment." It, therefore, signifies credit as a temporary means of raising funds for defraying various obligations.

-----------------------------

9. Shenoy, P.V., Ibid.
Among the several inputs needed for raising production by an enterprise, be it agriculture or industry, the one input that can make the borrowers to use the other inputs is the capital, namely 'CREDIT.' In other words, it is not only a primary and paramount factor but all the other factors are being utilised properly in the presence of it. The problems or hindrances, if any, of the enterprise would be solved easily provided adequate and timely credit is available. Therefore, credit is sine-qua-non for economic development.

The role of credit is studied in connection with production and employment in order to achieve planned development. Among the surveys conducted, a few are mentioned here: Belshaw, Schumpter, Vyas, Bhattacharya, Lele Uma, Rao, C.H.H.

---

13. Belshaw, H. Provisio of Credit with Special Reference to Agriculture, Cambridge, Hiffer and Sons Ltd., 1931.


Rao, T.S.\textsuperscript{19} and Mishra\textsuperscript{20} These academicians spoke of credit as a phenomenon of development. Credit, therefore, is considered as an economic 'elevator'. The seasonal character, the adoption of new technology and potentiality of the borrowers are some of the important factors which have rendered credit essential to sustain and accelerate better production and better economies. In brief, the faster growth in agriculture requires larger investment on better use of all resources.

Features of Credit

A credit policy should aim at promoting the socio-economic cultural development of the people in particular and the development of country's economic progress in general. To achieve this, the implicit characteristic features of credit should be:

(1) To improve low standard of living of people.

(2) To develop the resourcefulness of borrowers particularly of the weaker sections.

(3) To encourage borrowers to adopt technology, ensuring greater production.

\begin{itemize}
\end{itemize}
(4) To provide cheap credit to those who are willing and capable of producing more through added inputs and efficient management.

(5) To help and augment production and thereby strengthen economy.

(6) To inculcate the habit of thrift and savings among the rural people through better use of credit.

Credit: A Universal Phenomenon

Capital is a key input in adopting new technology and also in achieving expected production result. "Rural India will remain poor so long as new techniques of farm production are not adopted widely, adequate capital in the form of loans for adoption of the new techniques is not provided, and efficient marketing arrangements for the produce are not made. All these will have to be provided simultaneously in a package."21 A pertinent question is who is to borrow? To which sector credit should be provided? One need not wonder at the fact that almost all the people particularly the rural people and all the sectors, particularly the rural sectors, are forced to borrow at one time or other. The need for credit arises from a number of factors. The reference may be made to the following.

Farmers

In case of agriculture, the credit need emanates from the reason that a farmer's capital is locked up in his land and stock. Secondly, the seasonal cycle of agricultural production is superimposed largely on perpetual and steady pattern of consumption. This, in other words, means two-thirds of the average income of farmers goes for food. The income, on average, used for food is only twenty per cent in the United States, and thirty nine per cent in Russia. Thirdly, the interest of both the borrower and the lender sets the cycle of borrowing who is to follow the repayment. Nevertheless, this cycle is not maintained because of the continuous borrowings followed with irregular repayment. Hence, farmers are condemned to remain perpetually indebted. The last but not the least is the emergence of new agricultural technology which calls for combined and optimal application of several inputs. Further, modern technology is divisible and this divisibility helps even the small farmers to adopt new techniques of cultivation. So is the demand for credit.

Agricultural Labourers

Along with the farmers, another class in rural areas which needs credit is the class of agricultural labourers. The needs for credit of this class are more and immense who try to supplement

their meagre earnings by dairy, piggery, sheep-rearing, goat-rearing etc.

**Rural Artisans**

Equally are the immense needs of rural artisans. A rural artisan is a skilled worker in a traditional village-craft who does on his own account. The workers that thrive on the copper and other metal work, pottery, glass and ceramic work, carpentry, painting, printing on textiles, engraving, block-making, dyeing, basket making, brick-laying, plastering, cement finishing, toys, sports goods, weaving, bamboo-making come under the rural artisans. The rural artisans, numbering about 16 millions in the country, contribute about eight per cent of the manufacturing sector. They belong to poor community; and about three-fourths of them in the group of poorer sections of the rural families. Naturally, their need for credit is all the more.

In one way or other, owing to one or more problems mentioned above, the farmers, agricultural labour, rural artisans are forced to borrow funds to improve their economic conditions. They can not expect their income from their projects which are barely sufficient to provide the necessities of life—food, clothing and shelter. Paradoxically, capital in a rural sector has been the inevitable catalyst to bring about the improvement of income and standard of living.
Sources of Credit

Credit is of two varieties—institutional and non-institutional. The non-institutional agencies which operate outside the provisions of the Indian Banking Companies Act and maintain accounts without accountability to audit. Whereas the institutional agencies are not so. Thus, while institutional agencies are amenable to control, the non-institutional agencies are not. The cooperatives, the commercial banks and the regional rural banks form the former, whereas money lenders, rich land-lords, commission agents, etc., form the latter. Among the non-institutional agencies, the money lenders occupy a prime place in lending credit to rural people. Quite often, they crush the rural people by charging exorbitant rate of interest and have a complete control over them in the villages. The Agricultural Finance Sub-Committee has stated: "The money lender often resorts to and takes the advantage of helplessness, ignorance and necessity of rural borrowers."\(^{23}\) The landlords, commission agents, etc., are no exception to the above. To alleviate the sufferings of the rural masses and to set them free from the clutches of money lenders, rural credit must be properly channeled. To channel the rural credit, both in terms of adequacy and timeliness, the first and foremost step would be the institutionalisation of rural credit.

Considering the strength and weakness of the rural credit system, dominated by the non-institutional agencies, the Government of India took steps for institutionalisation of rural credit. The institutional agencies have to take up the services in rural areas with the spirit of social aim. The cooperative banks came into being at the turn of the present century (1904) to meet the credit needs of the agriculturists. Another institutional agency that entered the arena of rural sphere was the commercial banks. The regional rural banks came into operation in 1975 with the aim of providing credit with low cost. All these institutional agencies have made remarkable record in lending credit support in rural areas. The increasing importance of institutional agencies, as observed, has a number of implications. They are:

(1) Increasing institutional credit to rural people would mean increasing share of productive credit.

(2) Increasing institutional credit must have produced a good effect on structure of interest rate in rural areas resulting in lower interest burden on rural borrowers.

(3) Institutional credit has a spatial geographical coverage.

(4) Institutional agencies have been making efforts to reach weaker sections.
Classification of Credit

Significantly, the rural credit is classified as producers' credit and consumers' credit. The producers credit may be taken for investment on productive purposes to earn more and more income. This credit is again divided into production credit and investment credit. The production credit covers all expenses of current nature of an enterprise. All short-term loans normally fall under production credit category. The expenditure incurred on permanent additions and improvement of permanent assets falling either under medium term credit or long term credit, is termed as investment credit. The credit used to satisfy the immediate needs for goods and services is known as consumer credit.

Credit Gaps

In view of the grave need for food and work for teeming millions and the modernisation of enterprises by adopting appropriate technology, the Government of India has underlined the need for expansion of banking to rural areas in order to mobilise savings therefrom and to meet the new upsurge in demand for credit. Consequently, the setting up of the State Bank of India with effective machinery of branches in 1955, the social control over commercial banks in December 1967, the formulation of National Credit Council in February, 1968, and nationalisation of commercial banks in July 1969 are some of the important measures taken for the provision of credit in rural areas.
The structural reforms also took place in cooperative credit sector on the recommendations of Committees and Commissions resulting in multi-agency approach. To be useful and effective, special attention to the entire gamut of rural credit needs was obviously required. Accounting this and the recommendations of the Working Group under the Chairmanship of M. Narasimhan, the Government of India came in for the establishment of the State-sponsored, regional-based and rural-oriented commercial banks which are considered today as regional rural banks. Despite the plethora of these institutions distributing credit, very little impact could be seen on the rural development and growth of rural sectors. The multiplicity of these institutions seems to be responsible for complexity of institutional credit. It is surprising to note that despite so many credit institutions, they could not cover more than 184 lakhs of total 4,400 lakhs of credit demanding population.24

All the institutional agencies put together provided only a little over seven per cent of total borrowings of the farmers in 1950-51 and accounted for about 42 per cent in 1991. The credit advanced by them to the industry was only 31.5 per cent in 1951 as increased to 54.3 per cent in 1991. It is evident that a wide gap between the credit need and credit availability continued. This credit gap also exists not only in sectoral credit but also among the various categories of borrowers. The above account

drives to one grim conclusion that the development was effected despite the Institutionalised Credit by the non-availability of credit. This kind of credit leads to uneven and lopsided development. The inefficient functioning of institutional agencies have been mainly responsible for such a state of affairs. Although, in every plan period some efforts have been made to help rural sector and rural people, it was in the Fourth Five Year Plan period, a solid foundation was laid to develop the rural areas by restructuring and reorganising the institutions for the provision of rural credit. Consequently, the emphasis was laid on 'Area Approach'.

The Planning Commission has rightly observed in the Fourth Five Year Plan document: "If the State plans are to succeed their formulation in relation to physical features and resources; and the institutional organisations in each area is the first requirement." Development needs not only financial resources and material inputs but personnel and the right kind of institutions. This requirement has to be worked out for each operational area. The planning is not something ... but what each State, district, local and community, does, to develop its own resources and potentialities. This emphasises wide diffusion of initiative, decision-making, and participation. It also helps a parallel shouldering responsibilities. The area approach came into existence with the sole object of "Integrated Development."
Review of Literature

Much work related to the performance and evaluation of Lead Bank has been conducted by many researchers and institutions. An analytical attempt is made to review some related works done to organise them in the present form.

Naveen Chandra Joshi (1980)\(^\text{25}\) has studied the lead bank scheme functioning and its experiences in providing credit for allround development of the district. He remarked: "The task of over all monitoring the progress of the scheme would effectively handled this would provide collective supervision which is important since a feeling of domination from the lead bank or the Government would have adverse effects on the psychology of participating banks."

Raghupathi (1979)\(^\text{26}\) has conducted a survey on the lead bank programme and policies thereto. He concluded thus: "Unless the State or Central Government takes up the task of building up of infrastructure, very little would probably be done by the lead bank and the banking institutions in developing the district. It would be discordant if lead bank respond the social and economic impulses on an adhoc basis without proper planned strategy in tune with the overall planning in an integrated regional development."


In appraising the objectives of lead bank scheme that would clearly be framed would have to take into account the resources available in the district. Kantha Rao and Seetha Ramaiah (1980)\(^27\) in their research paper emphasized the role of resources in effective functioning of lead bank scheme. They stated: "The credit facilities could meet by the constituents of the lead bank hardly 30 per cent of the allocation for the agricultural sector, and this performance could relate to the provisions of credit in the areas of assured irrigation."

Acceleration of rural development through means of branch network covering far and wide corners of the country concerns more of the effective organisation. In this direction, Asha Kanth (1977)\(^28\) observed, while analysing the role of commercial banks and task ahead that, "since credit plan is not fully appreciated, the lead bank scheme is limping. The lead bank by identifying credit gaps, preparing district credit plan and financing the planned schemes and projects in consortium with other banks and institutions as in fact expected to bring about a silent revolution in the country-side."

While analysing the targets stipulation and actual performance of the lead banks regarding various sectors, Balakrishnan (1984)\(^29\) observes that: "except tertiary sector, actual

---


performance of the lead banks have been far below targets. To achieve the targets in industrial sector is not always easy and it is quite surprising to see shortfalls even in agricultural and allied activities." Seshalah and Krishna Swami (1985)\textsuperscript{30} did efforts to study the problems and difficulties experienced by the banks under the lead bank scheme conducting an empirical survey in Andhra Pradesh. They report: "An impressive progress has been achieved in respect of deposit mobilisation and credit advancement by the commercial banks fulfilling the norm of credit provision to priority sector. This performance is accompanied by a significant variation in the target and performance between the sectors and the districts. The coordination among various agencies involved in the formulation and implementation of lead bank scheme was poor with regards to identification of beneficiaries, delay in sanctioning the subsidies and margin money, the supply of information, the provision of infrastructure facilities and recovery of loans."

The success of lead bank scheme needs a cooperative effort particularly for the bank officials. This is more so in branch offices located in rural areas in order to feed the credit plan with sufficient credit to achieve optimum results. In line with this, Goyal (1979)\textsuperscript{31} said thus: "The paucity of suitable staff in the rural

\begin{itemize}
\end{itemize}
branches is a major constraint. The rural branch is often manned by inexperienced personnel. The situation is worse, where no technical support is available."

Beliraya and Pramod (1980) have observed that there is a lack of interaction at the scheme formulation stage among various commercial and cooperative banks operating in the region; and between the agencies such as input dealers and organisations of marketing agricultural output. Dealings among them is crucial as it would lead to realistic assumption in scheme formulation and avoidance of areas in functional as well as geographical sense."

Thingalaiah has rightly said thus: "A fairly big investment programme may be necessary to make the merciless nature amenable to plan the progress. The financial institutions like banks can play only a secondary role in this context by building up the domestic resources and making some available for productive purposes."

The development of an appropriate organisational set up and conducive design of a procedural framework for an effective implementation of the scheme much varied, and complex responsibilities have been shouldered on the constituents of the lead bank. The Reserve Bank of India (1975) has appointed a

committee to examine the progress of the Lead Bank Scheme. It has observed. "The lead banks, however, at the initial stages could not visualise the need for organisational set up for implementing the scheme in coordination with other banks. In the minds of bankers, the lead bank scheme has obviously not taken a distinct operational shape".

A Committee (1969)\textsuperscript{35} appointed to review the working of Lead Bank Scheme in the States of Gujarat and Maharashtra, in pursuance of Reserve Bank of India, has critically reviewed and come to the conclusion. "Besides offering suggestions for effective functioning of the lead bank forming district consultative committees, it advocated a standing committee be formed in the Reserve Bank of India to critically examine the overall progress of the scheme."

The Study Group (1969)\textsuperscript{36} concludes that "the hitherto working as watertight compartments without any understanding the relationship even in common areas and activities, the onus of bringing together and their operations lies with lead bank."\textsuperscript{37}

The coordination among the institutional agencies may be in the areas of promotional, lending policies and operational. The Banking Commission (1972)\textsuperscript{38} has opined thus: "The objective of coordination between cooperative and commercial banks should be (1) creation of wide-spread and progressive institutional base at the


\textsuperscript{37} Ibid, p. 62.

\textsuperscript{38} Government of India, Report of the Banking Committee, Delhi, 1972,p.150.
primary level indirect touch with the rural producers, (ii) consolidation, strengthening and expansion of the framework of the banking for mobilisation of resources and (iii) programmes of training and equipping the personnel in the banks to carry out their task in an efficient manner." Sharma (1979)\(^{39}\) has observed: "The most intractable problem in financing of agriculture is that of coordination among various agencies. This problem is multi-dimensional in nature comprising within its fold coordination between commercial banks and State Government, the commercial banks and the cooperatives, and coordination among themselves. So far as coordination between commercial banks and cooperative banks are concerned much is to be done in this direction."

The credit planning is an important instrument in providing planned credit for achieving the planned objectives. The new thrust of the planning, the credit requirements at the grassroot is the right step. Hence, credit plan in the district is going to be a grassroot plan with planning at the block level. With regard to the concept of credit planning, one can say in the recent years the banking sector has focussed its attention. Hitherto it was unknown in the history of Indian economy but it has now acquiring special importance as the banks are expected to share the burden sincerely in the development of country's economy. Laustein (1978)\(^{40}\) has said

---


this to about credit planning: "Credit planning relates to the management of credit system of the country." It involves the wise utilisation of available credit among various sectors or sections of people.

Since involvement of various sectors or sections of people in the economy, a need to direct, guide and supervise has arisen. A sincere effort to this end was the establishment of the credit banking cell in Reserve Bank of India in April, 1970. This facilitated the macro-level planning giving direction to the banks for credit planning at grassroot. In such a need, the lead bank comes into picture for controlling the economic activities of the district. It has a strategic role to play.

While emphasising the allocation of credit, a planned manner is more important. Datta (1972) in his critical study, points out that "where this has been haphazardly tried, it has helped the re-allocation of credit to a marginal extent, but the impact on removal of economic imbalance proved insignificant." "The village industries and crafts will need more effective system of technical and marketing and credit support so as to increase the growth of off-farm employment opportunities in rural areas." 


Though the realistic problems and suggestions are found in the above studies, they seem not to be applicable to drought-prone districts like Anantapur. Hence, a need is felt for the present study to examine the performance of the lead bank scheme with special reference to the Anantapur Lead Bank.

Statement of the Problem

The main thrust in formation of the lead bank scheme is to meet the credit needs of the rural people and of the potentially viable projects of the district. In other words, intensive development of the area is the main object of the lead bank scheme. A considerable amount of progress has been observed in working of the lead bank scheme since its inception. The scheme is an ongoing one. It is high time to make an appraisal of its working as it has completed more than two decades. By carrying out an investigation, the problems, if any, could be identified and steps could be taken for improvement in the light of the experiences. What is the methodology and the scope of the initial as well as indepth surveys, and credit plans made by the lead banks? How far, are they relevant to the purposes for which they were meant? What is the extent of involvement of banks in the formulation and implementation of area development plans? Is there, proper coordination among the banks; and between the banks and the district administration? what is the degree of the success of scheme? what are the problems experienced in implementation? These and related
questions call for empirical study. The present study is an attempt in this direction.

Objectives of the Study

The objectives of the study are:

(1) To study the genesis and concept of lead bank scheme and its organisational set up.

(2) To examine the implementation of the lead bank scheme with reference to the methodology and scope of the survey, the credit plan adopted and the pattern of branch expansion.

(3) To examine the operations for area development under scheme.

(4) To highlight the coordination and cooperation among the credit institutions in implementing the lead bank scheme.

(5) To identify the problems and difficulties experienced.

(6) To suggest remedial measures based on the findings.

Area and Scope of the Study

The present study is confined to the working of the lead bank scheme in Anantapur district of Andhra Pradesh. Credit planning from the grassroots is gaining importance. So, a detailed analysis of the credit plan prepared by the lead bank in the district
is made. Further, the aspects of credit needs of the different sectors and of different categories of borrowers, allocation of targets and their performance, inter-banks and intra-banks achievements, the location of branches, engulfing sectoral imbalances and promotion of priority areas are covered in the study. In brief, this is an empirical study based on survey method has made a modest attempt to highlight the pros and cons of the planning of credit distribution by the member-banks of the Lead Bank Scheme in Anantapur District. For this study, the period covered is 10 years from January, 1985 to March, 1995. The year 1988-89 covered 15 months from 1-1-1988 to 31-3-1989 due to following the financial year. From that year, the period refers to financial year; and before that, the year refers to calendar year.

Selection of Sample

Thirty two branches of banks out of 216, two from each block were selected to study the nature and extent of coordination brought out by the lead bank. And also selected all the 16 blocks to study coordination between the banks and the Departments. Fifteen households (5 small farmers, 5 other farmers and 5 artisans) from each block were selected at random to know their perception about the banks working under the guidance and control of the lead bank for their well-being. Besides, all the participants in the District Consultative Committee and District Credit Plan were covered in the study to elicit their experiences.
Definition of Concepts

Credit Plan

It is a plan prepared by a bank for advancing credit to potentially viable projects of various sectors.

Financial Institutions

The term financial institutions in the study refers to commercial banks, cooperative banks and regional rural banks and state finance corporation.

Lead Bank

The lead bank is the commercial bank which is designated as a lead bank for the district. It is to play a leading role in framing a credit plan, in implementing it and achieving the goals of the lead bank scheme.

Data Source and Collection

Required data for the study was collected from both primary and secondary sources. Data compiled from records of (i) the Reserve Bank of India Publications - Currency and Finance, Bulletins Statistical Statement relating to Banking in India, and Progress and Trend of Banking, (ii) the Annual Credit Plans of the Lead Bank, and (iii) the District Statistical research works and other concerned departments are also compiled. The relevant primary data has been
elicited by holding discussions with officials of the Lead Bank and its member-banks, the District Administration and the members of various committees and sub-committees on farm and off-farm credit. Necessary primary data also was collected from the sample households through pre-tested schedule.

Field Work

The field work was done during the period from June 94 February, 95. The personal interview method was adopted for the primary data collection from the households. The researcher received required cooperation from all the concerned.

Tools of Analysis

Data so obtained were classified and arranged in the form of tables. To highlight the participation of all the members of the lead bank in the programme, appropriate statistical techniques such as percentages, analysis of variance, correlation, location-quotient, linear growth rate, elasticity quotient are used in the study.

Chapter Scheme

The present study is divided into Seven chapters. In the first chapter, the methodological issues are discussed. In the second chapter, the profile of the district is appraised. The organisational
set up of Lead Bank Scheme is examined in the third chapter. The operations for area development is discussed in the fourth chapter. The nature and extent of co-ordination achieved among the members of the lead bank; and between them and administration on the other hand besides problems and difficulties experienced are studied in the fifth chapter. The sixth chapter deals with the perception of beneficiaries. The summary of conclusions and suggestions are dealt with in the last chapter.

Rationale of the Study

The findings of the present study would highlights deficiencies in functioning of the lead bank scheme. Such findings and suggestions would provide some guidelines in re-framing the District Credit Plan and its effective implementation. In nutshell, this study contributes knowledge to the existing literature and would be of much help in decision-making.