CHAPTER – 1

INTRODUCTION

1.1. Importance of the study and its general significance in the context of financing SSIs

Banking since its inception has been playing a crucial role in shaping and changing the modern economic scenario. It holds to be the core of the development processes in every field with which all advancements and opportunities are closely associated.

For the development of any activity, the supply of credit is one of the foremost components which play a decisive role in accomplishing the task. The banks, having therefore a very important role to play in the development of various sectors of the economy by providing necessary financial assistance for various sectors of the economy by providing necessary financial assistance for various economic activities in the district.

The main purpose of the bank is to provide and expand adequate finance to agricultural sector as well as to the small industry and exports.

With the introduction of the lead bank Scheme in 1969, commercial banks in India entered the new field of area planning. The lead banks are indebted with the responsibility of providing leadership in initiating and quickening the process of development of the districts allotted to them.

A "project approach" appears to be best suited for the credit operations of commercial banks in their lead districts. This approach is necessary for two reasons.
i) Scattered lending by commercial banks is difficult to supervise and is likely to produce any impact on the economy.

ii) The second and most important reason is that development calls for coordinated action on the part of various agencies. The Lead Bank Scheme introduced by the Reserve Bank in December 1969 marks a significant step towards the implementation of the two fold objective of mobilization of deposits on a massive scale throughout the country and coming up of lending to weaker sectors of the economy. In this regard a study group was constituted in October 1968 with the approval of the National Credit Council under the chairmanship of Prof. Dr. Gadjil of creating an appropriate organizational framework for the banking system for meeting the problems of credit gaps in the economy. The important recommendations of the study Group published in October 1969, was that an area approach would be needed to be adopted by the commercial banks to identify and study local problems and create an integrated credit plan for the area. The group under the area approach had to identify the lowest unit with the district which was considered to be the foremost administrative unit of the country.

In August 1969, the Governor of the Reserve Bank also appointed a committee of Bankers with Sri F.K.F. Nariman as the Chairman, to form a coordinated programme for ensuring the setting up of adequate banking facilities in the under-banking districts of the country.

The committee recommended that the banks should be
allotted specific districts where they would take the lead in surveying the capability of the banking development in extending branch banking and regulating credit facilities.

The Reserve Bank agreed to these principle and evolved the Lead Bank Scheme, under which districts were allotted to the State Bank Group, the 14 nationalised banks and three other banks in private sector.

1.2 Role of Lead Banks in financing Small Scale Industries:

The role of banks in providing finance to small industry is surprisingly limited.

The Lead Bank Scheme aims at the development of priority sector in India which includes credit to agriculture, small scale industries, service sectors, road and water transport operators, retail trade and small business, professional and self-employed persons, educational, consumption and housing loans to the weaker sections.

Credit to Small Scale Industries: SSIs is an important segment of the priority sector. From the beginning credits were extended to the small sectors for the establishment and renovation of sick units. The major recipients were: Gujarat 39.6%, Delhi 21.5%, State of Kerala, Andhra, Punjab and Uttar Pradesh together of 24.2%.

In December 1983, after five years the total amount outstanding under setting up of Industrial Estates rose to Rs. 62.9 crs, provided to 456 units. The distribution heavily skewed state-wise.

Gujarat received 43.4% followed by Delhi 20.6% and 13%
together by U.P and Chandigarh.

The number of units assisted, however, these four states/UTs combined share was 58%.

The main thrust of Lead Bank scheme is to enhance or to regulate the proportion of bank finance to priority sector. The objective of the scheme has been to coordinate the activities of banks and other developmental agencies to facilitate the flow of credit to the industrial sector. The Lead bank scheme has covered 575 districts as on March 31, 1999. During the year 1999-2000, 8 new districts have been formed as a result of bifurcation and the lead responsibility in respect of these districts allotted to public sector banks. The sectoral distribution set for the year 1998-1999 and 1999-2000 under the Annual Credit Plan are given in the Table-1.

As high as 96.7% of the target was achieved during the year 1998-99 sectorally, the achievement was 96.3% of the target in the case of agriculture and allied activities 88.3% in the case of SSIs, and 95.9% in the case of services sector during the year 1998-99.

**Annual Credit Plan of Financial Institutions under Lead Bank Scheme**

**Table – 1**

(Amount in Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target</td>
<td>Achievement</td>
</tr>
<tr>
<td>a) Agr. and allied activities</td>
<td>33,573.19</td>
<td>21,337.55</td>
</tr>
</tbody>
</table>
1.3. The Concept and Definition of Lead Bank Scheme. Their Specific Role in Regional Development and Background Areas.

The Gadgil Study Group of the National Credit Council, which came up with the task of identifying the territorial and functional credit gaps and of making recommendations for extention of sufficient institutional credit on reasonable terms to the devoid sectors and areas and the weaker sections of the community. The Group recommended the adoption of an “area approach” to formulate plans and programmes and location.

1.3.1 Adoption of an Area Approach:

The groups first recommendation therefore is for the adoption of an area approach to evolve plans and programmes for the development of the banking and credit structure.

The area approach is inherent in the cooperative system. As far as the commercial banks are concerned, the main idea which the group had, depending upon the area and location of operations, commercial banks should be assigned particular districts where they should act as pace-setters, providing integrated banking facilities, in this manner all the districts in the country should be covered. This should be the first step in making institutional finance available to priority

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>b)</td>
<td>Small Scale Inds.</td>
<td>11,629.67</td>
<td>11,431.19</td>
<td>98.29</td>
</tr>
<tr>
<td>c)</td>
<td>Services</td>
<td>10,670.59</td>
<td>10,232.80</td>
<td>95.90</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>55,873.45</td>
<td>54,001.54</td>
<td>96.65</td>
</tr>
</tbody>
</table>

**Source:** Report on Trend and progress of Banking in India, 1999-2000.
sectors and neglected area.

It is required to maintain an element of competition in the provision of banking services to the community.

**Fig.1**

1.3.2. Institutional and Functional Coordination under Area Approach:

The area approach would help commercial banks to identify and study local problems and formulate an integrated credit plan for the supply of inputs and of processing, storage and marketing facilities and other services which may be needed, and providing for the participation, as may be necessary and feasible in the local conditions, of the Reserve bank of India, the State Bank, other commercial banks, co-operative banks and national refinancing and other development agencies.
Cooperatives have various problems in regard of management and resources.

The group was very glad to note that a committee of bankers appointed by the Reserve Bank of India for rationalising the expansion of the branches of nationalised commercial banks and had put stress on the basic principles of an area approach assigned to each nationalised bank a group of districts where it would work and function as the lead Bank.

1.3.3. Definition of Lead Bank Scheme:

The lead Bank Scheme is basically a coordinated approach whereby banks are allotted particular districts where they are expected to take the lead in assessing the scope for banking development particularly expansion of credit facilities. Based on the recommendations of Nariman committee the Reserve bank of India prepared the lead Bank Scheme.

This was an effort towards “area approach” to banking development as advocated by the Gadgil study Group. The Committee of Bankers known as Nariman Committee appointed by the Reserve bank of India in 1969 accepted the “area approach” and gave a practical shape to it under the title of “Lead Bank Scheme”

1.3.4. Area Approach – District to be the Basic Unit:

Looking into the scenario, the lowest unit under an area approach has to be recognized with the district. The district is the main administrative unit. Most of the statistical data are available at the district level, and not usually at lower levels. The total number of districts in the country is not too many, therefore making plans for each district should not
pose any problem.

Three Aspects of a District Plan:

Each district plan to be formulated must have three aspects:

i) The establishment of branches or new units at particular places.

ii) its formulation of relationships within a structure or as between structures and

iii) The formulation of proper policies and procedures.

The first aspect of the plan would include the establishment of new branches by the nationalised or non-nationalised banks, by the district central cooperative banks only in few states. It is essential that this is accepted in all the states and also implemented. Apart from the opening of new branches, the plan will have to emphasize in the establishment of new banking or co-operative society units.

Nationalized banks can play a useful role in supplementing the activities of existing small banks and co-operatives and in the establishment of local units, wherever required. According to this policy, the small banks are amalgamated, as far as possible with other small units in the same area, the objective being the formation of viable regional banks where such merger is not possible, the Reserve bank permits, the merger of small banks with one of the bigger bank.

The Reserve Bank of India, after the nationalization of major Indian scheduled commercial banks, appointed a committee of Bankers under the chairmanship of Shri F.K.F. Nariman to make a coordinated programme for establishing adequate banking facilities in the under banked districts of the
country. The committee submitted its report to the Reserve bank on November 15, 1969, that banks should be allotted specific districts, where they should take the lead in serving the capability for banking development, in extending branch banking and expanding credit facilities.

The lead bank scheme was introduced by the standing committee of bankers in the meeting held in Reserve Bank of India on December 12, 1969 the Reserve Bank after considering the recommendations of the Nariman committee and also considering the comments of the custodians of various banks and also the recommendations of a study group of the National credit council, conducted by Prof. D.R. Gadgil made adjustment in the allocation of districts under the lead bank scheme which has given as accurate shape to the area approach to development

The Reserve Bank also kept the following considerations in mind while formulating the adjustments:

(i) In between the resource base of banks and the allocation of responsibility there should be a broad correspondence.

(ii) The factor of contiguity defined as a cluster of districts was kept in mind in allotting the lead bank districts.

(iii) The existing regional orientation of banks was taken into account.

(iv) The re-allocation provides that, there would be at least two or more lead banks.

(v) The scheme has not been allotted to some Union
territories as well as Metropolitan centers.

Their Specific Role in regional development and background areas:

1. To survey the resources and potential for banking development in its district.

2. To survey the number of industrial and commercial units and other establishments and firms which do not have banking accounts or depend mainly on money lenders, and increasing their owned resources by creating surpluses financed by the banking system to the additional production.

3. Examining the facilities for the marketing of agriculture produce and industrial production, storage and warehousing space and linking of credit with marketing in the district.

4. To survey the facilities and other agricultural inputs for the repainting and servicing of equipment.

5. To recruit and train staff for offering adore to small borrowers and farmers and for the following and inspection of end use of loans

6. To assist other primary lending agencies.

7. And to maintain contacts with the government and quasi government agencies.

The other banks are excluded form opening branches, the lead bank is expected to act as a consortium leads and involve the cooperation of other banks in the district in mobilization of deposits, locating actual and potential credit
needs Banks were required to conduct quick and feasible surveys of districts allotted to them under the lead bank scheme in regard to identify unbanked growth centers for opening of branches on a phased programme basis.

After the completion of impressionist surveys in almost all the districts by 1975 the first phase of lead bank scheme was completed.

However, the after effects reorganization of district in 14 states and certain new districts had to be formed.

After the reorganization the total number of districts rose to 373. These new districts were also allotted to bank under the scheme. After the scheme was in operation for about five to six years, a concept had developed that the lead bank scheme had not been able to formulate as much of an impact as it should have.

1.4 Canara Bank- As lead bank of Aligarh District: Progress and performance of Canara Bank, Aligarh.

The commercial Banks except the Canara Bank were promoted by the business class to obtain funds required for the establishment of their business. However Canara Bank was established to promote the welfare of neglected areas as well as the people of our country. There was an eminent educationalist, lawyer and a social reformer Mr. A. Subba Raio Pai who got together a bank of public spirited people to start the Canara Hindu Permanent Fund Limited at Mangalore on 1st July, 1906 “the main objective of the fund limited was to make loans available to the people like small and marginal farmers traders and artisans at minimum rate
of interest and to serve as a repository of people’s savings.

This was renamed as “Canara Bank Limited in 1910" after 1926 the first branch outside Mangalore was opened in Karkala. Other were opened in the talk towns in the south. Karnara District Branches were coast Cochin and Bombay. Many branches were opened in the rural areas neighboring states, district headquarter towns and other capital cities.

1.4.1 Progress of Canara Bank:

The banking institutions had to suffer a lot during the period of late fifties. The failure of two fairly large banks, one of them with a wide branch network had shaken the confidence of the public this created difficulties for several small banks in the country. At that time a process of consolidation of the banking structure had been initiated by the reserve bank of India for safeguarding the interest of the depositors of such banks. In this consolidation process of banking structure, Canara Bank was called upon to play its part. During the early sixties nine smaller banks came into its fold. Some of these banks were of long standing and enjoyed great influence and popularity in their own areas.

The takeover of Pandyan Bank limited, with 83 branches and nearly 800 staff members stood out as the biggest in the south during the decade. The method adopted by the Canara Bank for takeover was commanded even by the Reserve Bank of India.

The phase of rapid expansion started on the eve of its Golden Jubilee in 1956, the Canara Bank had a network of 51

branches. The number crossed 100 by 1961 by 1966, it marked the diamond jubilee of the banks, the network of its branch had increased to 240 and deposits and credit stood at Rs 114 crores and Rs 66 crores respectively the bank had emerged as the largest banks in the south.\(^2\)

1.5 **Performance and progress of Canara Bank Aligarh:**

Canara Bank opened its first branch in Aligarh in 1971, but within a short period of 18 years this bank has opened 19 branches in the district including three branches of Laxmi commercial Bank which were amalgamated into Canara Bank in 1985. It has highest number of branches with the exception of the State Bank of India. Canara Bank is second after S.B.I. in business performance also. There are other nationalized banks, in the district which opened their branches in Aligarh much earlier than Canara Bank but even today their branch are very few as compared to the Canara Bank. In the business also the Canara Bank has proved its superiority over other except the S.B.I., the progress of Canara Bank may be summarized below.

**Branch Expansion:**

After the nationalization of 145 commercial banks in July, 1969 the pace of banking expansion was accelerated by the licensing policy of the R.B.I. in conformation with the objective of bank nationalization which favoured opening of commercial bank branches in rural area.\(^3\)

A large number of branches opened with the objective of

---


meeting the financial need of the small and marginal farmers, the rural artisans, self employed and the other weaker sections in rural areas of the country. The Canara Bank opened its first branch in Aligarh on 24th September 1971 with the responsibility to work as lead bank of Aligarh district. After the nationalization of commercial banks the expansion of branches rural areas was quick and same was the situation in Aligarh district.

Canara Bank branch expansion may be seen from table No. 1.1

Table No. 1.1

Showing the year of opening of branches of Canara Bank in Aligarh District

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Name of the branch</th>
<th>Date of opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Aligarh Main Branch</td>
<td>24.9.1971</td>
</tr>
<tr>
<td>3.</td>
<td>Hathras Main branch</td>
<td>25.8.1972</td>
</tr>
<tr>
<td>4.</td>
<td>Gonda Branch</td>
<td>16.3.1973</td>
</tr>
<tr>
<td>7.</td>
<td>Sikandra Rao Banch</td>
<td>05.11.1976</td>
</tr>
<tr>
<td>8.</td>
<td>Purdilnagar Branch</td>
<td>14.2.1979</td>
</tr>
<tr>
<td>----</td>
<td>-------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>9.</td>
<td>Aligarh II Branch</td>
<td>27.1.1980</td>
</tr>
<tr>
<td>10.</td>
<td>Nayaganj Hathras II Branch</td>
<td>24.11.1980</td>
</tr>
<tr>
<td>14.</td>
<td>Hathras Mandi Branch</td>
<td>9.5.1984</td>
</tr>
<tr>
<td>16.</td>
<td>Nagla Tajana</td>
<td>August, 1985</td>
</tr>
<tr>
<td>*17.</td>
<td>Aligarh City</td>
<td>August 1985</td>
</tr>
<tr>
<td>*18.</td>
<td>Hathras</td>
<td>August 1985</td>
</tr>
<tr>
<td>*19.</td>
<td>Jalali</td>
<td>August 1985</td>
</tr>
</tbody>
</table>

**Source:** Information collected from Divisional office, Canara Bank, Aligarh

*Last three branches originally belonged to Laxmi Commercial Bank which were merged into Canara Bank in 1985.

Canara Bank was the 8th Commercial Bank of Aligarh District when it opened its first branch on September 24, 1971. Within a short period of four years, the Canara Bank opened its sixth branch in Aligarh District.

Out of these branches four branches were opened in rural
Areas. As such the average was more than one branch in a year. The emergency was imposed in the country in 1975 therefore no fresh license was issued to the bank for opening new branches. The seventh branch was opened on November 5, 1976 in Sikandra Rao. After that again Canara Bank could not get fresh license for opening new branches. In 1979, ultimately the bank opened its branch in Purdilnagar. Therefore the bank was successful in opening its branch in Purdilnagar.

These branches were opened at the places where the canara bank branch was already functioning namely, Aligarh second branch, Nayaganj Hathras and Dhanipur Branch.

The bank opened its twelfth branch in the year 1981 in Bijonli Block. The Bijonli was the only unbanked block of the district. Now it has been found that there is no unbanked areas in Aligarh District.

The responsibility of opening new branch was taken by Aligarh Gramin Bank sponsored by Canara Bank. But in the year 1984 the bank got success in obtaining three licenses and the branches were opened in Atrauli. Mandi Samiti, Hathras and Kauchka Nagla, Hathras. Out of these branches two were opened in Hathras Block. The last branch was opened in Nagla Tajana in August 1985. In the year 1985, three branches of Laxmi Comemrcial Bank were merged into Canara Bank which were working successfully in Aligarh City, Hathras and Jalali. The Aligarh Gramin Bank was sponsored by the Canara Bank in 1982. At present there are 89 branches of Aligarh Gramin Bank functioning in all the 17 blocks of the District.
1.6 Role of Canara Bank and other Nationalised Banks in Financing Rural Industries of Aligarh District

The traditional industries are generally located in rural and Semi-urban area, which involves low levels of investment in machinery and provide invariably part time employment. They have been categorized as village and cottage industries under 6 heads. The annual survey of industries shows that not all these groups are equally important in terms of production and employment. The planning commission has identified six industries which absorb about 69% of those employed in cottage and village industries i.e., food products, beverages, tobacco and tobacco products, cotton textile, products including wearing apparel, wood and wood products, furniture and fixtures, leather and fur products.

1.6.1. Benefits of Rural Industries:

The rural industries provide the following benefits.

i) Rural industries provide additional employment opportunities, raise production and improve economic conditions in rural areas.

ii) Rural industries are labour intensive. They provide additional employment to men and women ensure decentralization of economic power and elimination of monopolistic exploitation.

iii) Decentralised production through a network of well-knit rural industries obviates the necessity of complicated managerial and competitive marketing techniques and reduces the cost of overheads.

---

iv) Rural industrialization provides lot of scope for the promotion of the artistic achievement in rural area.\(^5\)

v) After the nationalisation of the 14 major commercial banks and rapid expansion of banking facilities in rural areas since then banking has merged as effective instrument of rural reconstruction. It reconstructs rural economy by modernizing agriculture and developing agro based and other rural industries utilizing local new materials.\(^6\)

About 80\% of the population of Aligarh District live in the rural area. Therefore, the credit plan formulated by the Canara Bank during the last five years were based on rural small-scale and cottage industries. Except a few city areas like Aligarh, Hathras where most of the large scale industries are there, in fact most of the areas of Aligarh District are predominantly covered by rural and cottage industries, like weaving, Leather works, metal works, coin works, bamboo works, lock smith, glass heads etc. These activities are the traditional activities of some of the families in the rural area. To encourage these rural artisans, sizeable targets were fixed in the last five years to cover all types of beneficiaries. Till the end of 1986-87 the number of rural small scale and cottage industries were 1398 and the number of workers employed in these industries were 12,292. The handloom industries in the district were 9,615. Hathras city is well equipped with the handloom industry. 3,555 handlooms were in Hathras city and remaining 6,060 were in all the other parts of the district. The total production of handloom industries for the

\(^5\) Desai, Vasant, op. cit., p. 197.
year 1986-87 was 320 lakh metres of cloth. The credit has been provided for all round development of small-scale and cottage industries in the rural area and the progress of the credit supply can be seen from table No.1.2
### Table No. 1.2

Target and Achievements of Finance provided by Canara Bank and other Nationalised Banks for Small-Scale and Cottage industries in Aligarh District from 1984 – 1988.

(Rs. in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Target</td>
<td>Achievement</td>
<td>Target</td>
<td>Achievement</td>
<td>Target</td>
</tr>
<tr>
<td>1</td>
<td>Canara Bank</td>
<td>6632</td>
<td>12809</td>
<td>12200</td>
<td>25059</td>
<td>12900</td>
</tr>
<tr>
<td>2</td>
<td>Other Nationalised Banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Aligarh Gramin Bank</td>
<td>6515</td>
<td>707</td>
<td>5800</td>
<td>1444</td>
<td>1550</td>
</tr>
<tr>
<td>2.</td>
<td>SBI</td>
<td>9331</td>
<td>10906</td>
<td>17850</td>
<td>25218</td>
<td>21060</td>
</tr>
<tr>
<td>3.</td>
<td>Central Bank of India</td>
<td>4331</td>
<td>7671</td>
<td>7900</td>
<td>9421</td>
<td>8500</td>
</tr>
<tr>
<td>4.</td>
<td>Panjab National Bank</td>
<td>2228</td>
<td>1639</td>
<td>3250</td>
<td>6103</td>
<td>3780</td>
</tr>
<tr>
<td>5.</td>
<td>Bank of India</td>
<td>513</td>
<td>139</td>
<td>400</td>
<td>300</td>
<td>525</td>
</tr>
<tr>
<td>6.</td>
<td>Bank of Baroda</td>
<td>1500</td>
<td>550</td>
<td>1000</td>
<td>1600</td>
<td>1150</td>
</tr>
<tr>
<td>7.</td>
<td>Dena Bank</td>
<td>672</td>
<td>497</td>
<td>800</td>
<td>75</td>
<td>900</td>
</tr>
<tr>
<td>8.</td>
<td>U.C.O Bank</td>
<td>861</td>
<td>---</td>
<td>650</td>
<td>82</td>
<td>650</td>
</tr>
<tr>
<td>9.</td>
<td>Union Bank of India</td>
<td>1505</td>
<td>688</td>
<td>400</td>
<td>709</td>
<td>900</td>
</tr>
<tr>
<td>10.</td>
<td>Syndicate Bank</td>
<td>1008</td>
<td>853</td>
<td>500</td>
<td>535</td>
<td>800</td>
</tr>
</tbody>
</table>

20
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>Indian Overseas Bank</td>
<td>676</td>
<td>43</td>
<td>600</td>
<td>687</td>
<td>600</td>
<td>986</td>
<td>485</td>
<td>3019</td>
<td>449</td>
<td>218</td>
</tr>
<tr>
<td>12.</td>
<td>Indian Bank</td>
<td>1100</td>
<td>2037</td>
<td>900</td>
<td>1213</td>
<td>1550</td>
<td>310</td>
<td>1455</td>
<td>1835</td>
<td>1237</td>
<td>1139</td>
</tr>
<tr>
<td>13.</td>
<td>Allahabad Bank</td>
<td>3285</td>
<td>1252</td>
<td>4450</td>
<td>3809</td>
<td>4350</td>
<td>703</td>
<td>4649</td>
<td>1494</td>
<td>2968</td>
<td>1233</td>
</tr>
<tr>
<td>14.</td>
<td>Vijay Bank</td>
<td>480</td>
<td>363</td>
<td>400</td>
<td>740</td>
<td>750</td>
<td>2207</td>
<td>1700</td>
<td>2014</td>
<td>1041</td>
<td>971</td>
</tr>
<tr>
<td>15.</td>
<td>New Bank of India</td>
<td>489</td>
<td>25</td>
<td>800</td>
<td>770</td>
<td>700</td>
<td>---</td>
<td>770</td>
<td>25</td>
<td>809</td>
<td>251</td>
</tr>
<tr>
<td>16.</td>
<td>Punjab and Sindh Bank</td>
<td>240</td>
<td>5</td>
<td>250</td>
<td>---</td>
<td>250</td>
<td>---</td>
<td>689</td>
<td>353</td>
<td>750</td>
<td>32</td>
</tr>
<tr>
<td>17.</td>
<td>Oriental Bank of Commerce</td>
<td>230</td>
<td>3500</td>
<td>1800</td>
<td>4559</td>
<td>1870</td>
<td>866</td>
<td>1567</td>
<td>259</td>
<td>1344</td>
<td>1223</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Non Nationalised Banks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Hindustan Commercial Bank</td>
<td>155</td>
<td>---</td>
<td>500</td>
<td>350</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>2.</td>
<td>Banaras State Bank</td>
<td>240</td>
<td>---</td>
<td>300</td>
<td>50</td>
<td>320</td>
<td>---</td>
<td>485</td>
<td>---</td>
<td>574</td>
<td>---</td>
</tr>
<tr>
<td>3.</td>
<td>Bareilly Corp Bank</td>
<td>245</td>
<td>656</td>
<td>600</td>
<td>918</td>
<td>850</td>
<td>---</td>
<td>355</td>
<td>130</td>
<td>427</td>
<td>---</td>
</tr>
<tr>
<td>4.</td>
<td>Laxmi Commercial Bank</td>
<td>677</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>5.</td>
<td>District Corporate Bank</td>
<td>944</td>
<td>1171</td>
<td>1150</td>
<td>113</td>
<td>1150</td>
<td>---</td>
<td>4219</td>
<td>---</td>
<td>2550</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>43857</strong></td>
<td><strong>45511</strong></td>
<td><strong>62500</strong></td>
<td><strong>83755</strong></td>
<td><strong>65485</strong></td>
<td><strong>96137</strong></td>
<td><strong>78498</strong></td>
<td><strong>40601</strong></td>
<td><strong>174820</strong></td>
<td><strong>118353</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Achievement in %</strong></td>
<td><strong>103</strong></td>
<td><strong>134</strong></td>
<td><strong>146</strong></td>
<td></td>
<td><strong>52</strong></td>
<td></td>
<td><strong>67.69</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table No. 1.2 shows that all the commercial banks and cooperative banks supply credit for the development of rural and cottage industries in the district.

In the year 1984 the total target fixed was Rs. 438.57 lakhs and achievement was Rs. 455.11 lakhs which is 103%. It reveals that the progress for the year 1984 is satisfactory.

The credit supply made by the Canara Bank was Rs. 128.09 lakhs against the target of Rs.66.32 lakhs which is 193.13%, i.e. 93.13% higher than the required target.

The Aligarh Gramin Bank sponsored by Canara Bank, supplied credit of Rs. 7.07 lakhs against the target of Rs.65.15 lakhs which is only 10.85%, about 90% lower than the required target.

The target for credit supply for the year 1985 was Rs. 625.00 lakhs and the achievement was Rs. 837.55 lakhs which is 134%, 34% higher than the required target.

During the same period credit supply made by the Canara Bank was Rs. 250.59 lakhs against the target of Rs. 122.00 lakhs which is 205.40%, 105.40% higher than the required target.

In the year 1986 the achievement was Rs. 961.37 lakhs against the target of Rs. 654.85 lakhs which is 146% i.e 46% higher than the required target. The target for supply of credit by the Canara Bank was Rs. 129.00 Lakhs and actual supply was Rs.62.98 lakhs which is 48.82% lower than the required target. The progress of Canara Bank in supply of credit for rural development in 1986 has not been satisfactory.
In the year 1987, the target of credit supply fixed was Rs. 748.98 lakhs and the achievement was Rs. 406.01 lakhs which is only 52%, 48% lower than the required target. The achievement made by the Canara Bank was Rs. 130.16 lakhs against the target 190.26 lakhs which is 68.41%. Thus, the total progress and the performance of Canara Bank has not been satisfactory. The target for the year 1988 was Rs. 1748.20 lakhs and achievement was Rs. 1183.53 lakhs which is 65.69%, lower than the required target by 32.31%. The target for the Canara Bank was Rs. 138.11 lakhs and the achievement was Rs. 49.68 lakhs which is 35.97%, lower than the required target by 64.0%. The target for Aligarh Gramin Bank was Rs. 61.35 lakhs and the achievement was Rs. 11.94 lakhs which is 19.46%.

The performance of Canara Bank and Aligarh Gramin Bank has been very poor during the period of 1988 One can say that the credit provided to the rural SSIs by the banks is quite satisfactory. The credit plan for each successive year is increasing according to its demand. It shows that al the loans of rural areas and weaker sections of the society are being encouraged by providing sufficient credit for the development of their industries. Thus it can be said that the banks are strengthening the economy of Aligarh District.

Under the lead bank scheme formulated by the Reserve Bank of India, Syndicate Bank has been allotted sixteen districts and one Union Territory for providing adequate banking facilities, after carrying out an extensive economic survey in each of these lead districts. Meerut is one of the three
districts allocated to the Bank in Uttar Pradesh. The National Credit Council constituted a study group towards the end of October, 1968, to go into the question of an appropriate organizational framework for the implementation of social objectives of commercial Banks.

The “Lead Bank Scheme” is required to assume the major role in the development of banking in the concerned district though it is not expected to have a monopoly of banking business in the district. The Lead Bank is to act as the consortium leader. After identifying under banked areas it should invoke the co-operation of the banks operating in the district to provide adequate banking services in the area.

1.7 Credit to Small Industries:

Small industries is an important segment of the priority sector. Since the very beginning credits were extended to the small sectors for the establishment and maintenance of Industrial units and renovation of sick units. Extension of banking facilities was an important part of the infrastructure needed for the development of an area in combination with other infrastructural facilities, such as transport, communications, storage, processing and marketing facilities etc. But then when such facilities are not adequately provided for in a district, the lead Bank can have only limited success.

1.8 Present Position of the scheme:

By 1973-74 surveys had been completed in 380 districts to be covered under the Lead Bank Schemes.

The surveys covered 90 percent of the districts in the under-
developed states of Assam, Bihar, West Bengal, Orissa M.P. and U.P. As further step, some banks had carried out in depth studies of limited areas within the district and on the basis of such studies, some development schemes have already been drawn up for specific action. The lead Banks had also constituted district level consultative committees comprising representative of scheduled commercial banks and other financial institutions operating in the district, state government officials, etc, to help in identifying bankable schemes, in evolving methods for exchanging information about borrowers, lending to priority sector etc.

The Reserve Bank of India constituted two study groups in August 1975 to review the working of the Lead Bank Scheme in Maharashtra and Gujarat and to formulate appropriate guidelines for its effective working. The study groups recommended that the lead banks should prepare technologically feasible and economically viable schemes in the priority sectors which could be completed in 3 to 5 years and that such schemes should be collectively implemented by all financial institutions. The RBI setup a High Power Committee (HPC) in March 1976 to watch the overall progress of the Lead Bank Scheme and to issue guidelines for the effective functioning of the scheme.

On the basis of the directives by the HPC, the lead Banks have to formulate district credit plans (DCPs) for three year periods at a time. Besides, the Lead Banks have been asked to prepare annual action plans (AAPs) in December each year so that these plans would synchronise more or less with the Five Year Plans of the Government. The district credit plan is
to be of a comprehensive nature and is to indicate credit targets for institutional credit agencies in the district on a block-wise, sector-wise, scheme-wise and bank-wise basis.

In October 1980, the integrated rural development programme (IRDP) was extended to all the blocks in the country. Lead Banks were advised to prepare banking plans, to allocate responsibility of financing the identified beneficiaries for different activities among the participating banks and integrated the same with AAPs. The Lead Banks have also been given the responsibility to obtain complete details of village-wise distribution of physical programmes, subsidy, credit needs etc. from the district rural development agencies, incorporate the same in the AAPs and ensure that the specified branches of the participating banks accept the responsibility for processing and sanctioning applications of identified beneficiaries from the villages allotted to them. Programmes incorporated in the DCPs have not always been successfully implemented either because they were not tested for their feasibility or for want of adequate infra-structured support and forward and backward linkages. A working Group is now involved (since November 1981) in reviewing the working of the Lead Banks Scheme in regard to the preparation and implementation of DCPs and to review the role of the Lead Banks so as to make them more effective.

The HPC has also recommended organization of workshops for the officials of State Governments and commercial banks in order to help them have better understanding and appreciation of the objectives and implementation of the Lead Bank Scheme District level and State level workshops have
been organised by the National Institute of Bank Management and the convener banks. State Governments and lead banks jointly formulate steps for the implementation of the decisions arrived at the State levels.

Other important steps in promoting lead bank schemes are as follows

a) Lead banks have been asked to appoint lead bank staff in each of their lead districts for the preparation and implementation of a district credit plan.

b) To ensure effective implementation of the lead bank scheme, it was decided that the officers of the RBI would monitor the preparation and implementation of the districts credit plans more closely. Quarterly and annual returns were to be submitted by the lead banks to the Department of Banking Operations and Development of the RBI. Quarterly return is for monitoring the implementation of the district credit plan and the annual return is for monitoring the performance in the recovery of advances.

c) The standing Committee of the District Consultative Committee is to meet regularly once a month to exercise supervision of the scheme and implement credit plans.

d) The Head office of each commercial bank has to evolve the procedure to oversee its branches in the districts and check the fulfillment of the
allocated shares.

The government and the RBI have attached the greatest significance to the lead Bank scheme both for mobilizing resources through the banking system and for financing of development projects in rural and urban areas in each district.

1.9 GUIDELINES OF THE LEAD BANK RELATING TO MINORITY COMMUNITIES

1. The Lead Bank in each of the minority concentration districts should have an officer who shall exclusively look after the problems regarding the credit flow to minority communities. It shall be its responsibility to publicise among the minority communities various programmes of bank credit and also to prepare suitable schemes for their benefit in collaboration with branch managers.

2. The designated officer should exclusively look after aspects relating to credit assistance to minority communities in the concerned districts. The designated officer may be attached to the Lead Bank set up at the district level. He would thus, be able to receive necessary guidance from Lead Bank Officer, who will be senior enough and have adequate experience for liasing effectively with the other credit institutions and Government agencies and will also be working in close collaboration with the branch managers of other banks in the district. The designated officer will also arrange ground meetings for their guidance for formulation of schemes suitable for the members of the minority
It will be necessary for the banks concerned to ensure that the role assigned to the designated officers is effectively fulfilled.

3. The Convenor Banks of the District Consultative Committee (DCCs) and the State Level Bankers' Committees (SLBCs) should ensure that steps taken to facilitate the flow of credit to the minority communities and the progress made in this regard are reviewed regularly at their meetings.

4. The Convenor Banks of DLRC/SLRM/SLBCs may invite Chairman/Managing Directors of State Minority Commissions/Boards or the State Minorities Financial Corporations or their representative to attend the meetings of District Level Review Committee (DLRC), State Level Review Meeting (SLRM) and State Level Bankers Committee (SLBC).

5. The Lead Banks in the identified districts having concentration of minority communities may involve the State Minority Commission/Finance Corporation in the extension work including creating awareness, identification of beneficiaries, preparation of viable projects, provision of backward and forward linkages such as supply of inputs/marketing, recovery, etc.

6. The Lead Banks in the identified districts may collaborate with DDMs of NABARD/NGOs Voluntary Organisations in reaching the poor through Self-Help Groups (SHGs).

7. The progress made in regard to the flow of credit to the
minority communities should be reviewed regularly at the meetings of the District Consultative Committees (DCCs) and the State Level Bankers Committees (SLBCs).

8. The Lead Banks in the identified districts should furnish the relevant extracts of the agenda notes and the minutes of the meetings of the DCCs and of the respective SLBCs to the Union Ministry of Finance and to the Ministry of Welfare on a quarterly basis for their use.

9. The Lead Banks functioning in the identified districts should organize entrepreneur development programmes so that the members of the minority communities in these areas are enabled to derive the benefit of various programmes being financed by the banks. Depending upon the major vocational and type of activity undertaken by large sections of the people in the districts, suitable programme may be organized in cooperation with State Govts., Industries Dept., District Industries Centre, SIDBI, State Technical Consultancy Organisation, Khadi and Village Industries Commission and other voluntary organisations which are fully equipped to impart such training and orientation. The duration of the programme, the course content, the faculty support to be selected should be decided by each lead bank taking into account the prevailing conditions, need and existing skills, well as aptitude of the people in district.

10. The Lead Banks in the identified districts may sensitise
and motivate the staff posted to identified districts through proper training to assist minority communities under various credit schemes.

11. The Lead Banks may organize sensitization workshops for bank officials regarding micro credit lending to SHGs with the help of DDMs of NABARD.

12. The Lead Banks in the identified districts may create awareness among minority communities regarding credit facilities available from banks through appropriate measures which may include publicity through (i) print media i.e., distribution of pamphlets in local languages, advertisements/articles in newspapers, etc. (ii) TV channels DD/local channels, (Hi) participation/setting up of stalls in the Melas/fairs organized during the religious/festive occasions by these communities.

1.9.1 List of Minority Concentration Districts

<table>
<thead>
<tr>
<th>States</th>
<th>Districts</th>
<th>Name of the Lead Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttar Pradesh</td>
<td>* Rampur</td>
<td>* Bank of Baroda</td>
</tr>
<tr>
<td></td>
<td>* Bijnor</td>
<td>* Punjab National Bank</td>
</tr>
<tr>
<td></td>
<td>* Moradabad</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td></td>
<td>* Saharanpur</td>
<td>* Punjab National Bank</td>
</tr>
<tr>
<td>States</td>
<td>Districts</td>
<td>Name of the Lead Bank</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td>* Muzafarnagar</td>
<td>* Punjab National Bank</td>
</tr>
<tr>
<td></td>
<td>* Meerut</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td></td>
<td>* Bahraich</td>
<td>* Allahabad Bank</td>
</tr>
<tr>
<td></td>
<td>* Gonda</td>
<td>* Allahabad Bank</td>
</tr>
<tr>
<td></td>
<td>* Ghaziabad</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td></td>
<td>* Pilibhit</td>
<td>* Bank of Baroda</td>
</tr>
<tr>
<td></td>
<td>* Deoria</td>
<td>* Central Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Barabanki</td>
<td>* Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Basti</td>
<td>* State Bank of India</td>
</tr>
<tr>
<td>West Bengal</td>
<td>* Murshidabad</td>
<td>* United Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Malda</td>
<td>* United Bank of India</td>
</tr>
<tr>
<td></td>
<td>* West Dinajpur</td>
<td>* United Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Birbhum</td>
<td>* UCO Bank</td>
</tr>
<tr>
<td></td>
<td>* Nadia</td>
<td>* United Bank of India</td>
</tr>
<tr>
<td></td>
<td>* 24-Parganas (N)</td>
<td>* Allahabad Bank</td>
</tr>
<tr>
<td></td>
<td>* 24-Parganas (S)</td>
<td>* United Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Cooch Bihar</td>
<td>* Central Bank of India</td>
</tr>
<tr>
<td>States</td>
<td>Districts</td>
<td>Name of the Lead Bank</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Kerala</td>
<td>* Howrah</td>
<td>* UCO Bank</td>
</tr>
<tr>
<td></td>
<td>* Malappuram</td>
<td>* Canara Bank</td>
</tr>
<tr>
<td></td>
<td>* Kozhikode</td>
<td>* Canara Bank</td>
</tr>
<tr>
<td></td>
<td>* Cannanore</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td></td>
<td>* Palghat</td>
<td>* Canara Bank</td>
</tr>
<tr>
<td></td>
<td>* Wynad</td>
<td>* Canara Bank</td>
</tr>
<tr>
<td>Bihar</td>
<td>* Purnea</td>
<td>* Central Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Katihar</td>
<td>* State Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Darbhanga</td>
<td>* Central Bank of India</td>
</tr>
<tr>
<td>Karnataka</td>
<td>* Bidar</td>
<td>* State Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Gulbarga</td>
<td>* State Bank of India</td>
</tr>
<tr>
<td></td>
<td>* Bijapur</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>* Greater Mumbai</td>
<td>* Bank of Maharashtra</td>
</tr>
<tr>
<td></td>
<td>* Aurangabad</td>
<td>* Bank of Maharashtra</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>* Hyderabad</td>
<td>* State Bank of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hydrobad</td>
</tr>
<tr>
<td></td>
<td>* Kurnool</td>
<td>* Syndicate Bank</td>
</tr>
<tr>
<td>Haryana</td>
<td>* Gurgaon</td>
<td>* Syndicate Bank</td>
</tr>
</tbody>
</table>
### States | Districts | Name of the Lead Bank
---|---|---
Madhya Pradesh | * Bhopal | * Bank of India
Rajasthan | * Jaisalmer | * State Bank of Bikaner & Jaipur
Gujarat | * Kutch | * Dena Bank

#### 1.10 ROLE OF THE LEAD BANK IN NON-LEAD DISTRICTS

In non-lead districts also, the Bank has an important role to play in the Lead Bank Scheme. In order to effectively supervise the implementation of the Lead Bank Scheme in each district, a District Co-ordinator has been appointed. District Co-ordinator is normally the senior most officer in the district headquarters, be he the branch manager, Divisional Manager (ELB), Divisional Manager (O). He is the link between the Lead Bank and all branches of our Bank for which he is the co-ordinator. The District Co-ordinator is expected to accord importance to lead bank work. He should not treat it as a residual work entrusted to him. As District Coordinator, among others, he has to attend to:

- **a)** Collecting the data from all branches in the district and submitting to the Lead District Manager.

- **b)** Extending effective and complete support to the Lead District Manager in implementing all programmes under the Lead Bank Scheme.
c) Attending all Committee meetings of which he is a member and report to the controlling office.

d) Taking up district level problems in implementation of priority sector schemes/Government sponsored Schemes with the Lead Bank.

The District Co-ordinator should have a complete understanding of the DCP, AAP prepared by the Lead Bank for effective monitoring. Wherever Responsible Officer Heads are not acting as District Co-ordinators in their area of operation, they should attend invariably meetings convened by the Lead Bank for the purpose of deciding share allocation under AAP (refer Annexure XI). Other meetings can be attended by District Co-ordinator or any other responsible officer.

1.11 DUTIES AND RESPONSIBILITIES OF THE VARIOUS FUNCTIONARIES OFFICES UNDER THE LEAD BANK SYSTEM

HEAD OFFICE

Lead Bank and Govt. Sponsored Schemes Cell of the Priority Credit Section, Priority Credit Wing, Head Office oversees the functioning of the Lead Bank Scheme in the Bank. The important areas which are to be attended by the Cell are listed here below:

1. State Level Bankers Committee Meetings (SLBC) in Kerala State where the Bank is the Convenor of the SLBC

   a) To ensure timely conduct of SLBC/ SLRM meetings.

   b) To prepare the background papers based on the agenda
for participation by the Chairman & Managing Director or Executive Director in the SLBC/ SLRM meetings.

c) To guide and monitor the performance of the SLBC Cell of Trivandrum Circle in matters pertaining to SLBC.

d) To take up the matter with the RBI, Govt. of India, Head Offices of the Banks/Financial Institutions with reference to SLBC matters, if any.

e) To get the feedback from the designated executives (Annexure IV, V) and branches (Annexure VI) along with the agenda/background papers with reference to SLBC meetings in the states where we have more than 5 branches.

II. State Level Bankers Committee Meetings (SLBC) in States where the Bank is not the Convenor of the SLBC

a) To decide on the level of participation at SLBC meetings in different State

b) To monitor participation of the designated executives in the SLE meetings.

c) To get the feedback from the designated executives (Annexure V) and branches (Annexure VI), the agenda/background papers along with minutes and to place the information note to Executive Director / Chairman & Managing Director.

d) Monitor implementation of decision of SLBC by the Circle.

e) Apprise the Top Management of items discussed.
III. Lead Districts

a) Lay down policy with regard to implementation of Lead Bank Schemes.

b) Oversee the functioning of the Circle with regard to implementation of Lead Bank Schemes.

c) To ensure launching of the district credit plans or Annual Action Plans before the due date (31st March).

d) To ensure that the LDMs organize Entrepreneurial Development Programmes (EDPs) for minorities in minority identified districts.

e) To ensure that the LDMs invite and ensure participation of Members of the Parliament and the elected representatives in the DLRC meetings.

f) To ensure that the Bank is represented at executive level by the designated executives in all the district level meetings in our Lead Districts.

IV. Non-Lead Districts

a) To maintain and update the list of District Coordinators.

b) To issue guidelines on designation of District Coordinators, if any.

V. Other Matters

a) To liaise with RBI/NABARD/Govt. of India in Lead Bank matters.

b) To issue guidelines to COs/ ROs/ LDMs and branches for timely completion of the process of Annual Action Plan preparation and to follow up in the matter.
c) To encourage LDMs to act as focal point of development in the District.

d) To ensure that the Lead Bank Offices are provided adequate infrastructure support (including Personnel Computers, Dot Matrix printers, telephones at office and residence, jeep, etc) and adequate supporting staff.

e) To identify and recommend newly posted LDMs for training at BIRD/ NABARD.

f) Conduct of Annual Conference of LDMs.

g) Apprise the ED / C&MD / Board of Directors on the performance in implementation of DCP on a quarterly basis.

**CIRCLE OFFICE**

AF & PS Sections or LB & PSM Sections are to oversee the functioning of the Lead Bank Scheme in the Circle. The important areas which are to be monitored by the Circle are listed here below:

I. **State Level Bankers Committee Meetings (SLBC) in States where the Bank is the Convenor of the SLBC.**

a) To organise the SLBC Meeting & all other meetings like Steering Committee of SLBC, SLRM, etc.

b) To ensure participation by the Designated Executives in the SLBC Meeting & other SLBC forums.

c) To provide inputs for preparation of background papers for participation by the Chairman & Managing Director or Executive Director in the SLBC.

d) To prepare agenda and background papers for SLBC
and other meetings after getting feedback from other Banks.

e) To prepare the background papers based on the agenda for executive level participation in the various meetings.

f) To prepare the minutes of the SLBC meetings and to initiate appropriate follow-up action for compliance of the action points pertaining to the Bank and to apprise the Circle Head in the matter on an ongoing basis.

g) To circulate the minutes of the SLI meetings to all Banks.

h) To ensure 100% submission of the LBS statements under Service and Monitoring and Information System by all the bank branches.

II. State Level Bankers Committee Meetings (SLBC) in States where the Bank is not the Convenor of the SLBC

a) To participate in the SLBC Meeting & other SLBC forums in case of the States/Union Territories wherever the Circle Office is located in the State’s Head Quarters.

b) To ensure participation by the Designated Regional Executives in SLBC Meeting & other SLBC forums in case of the States/Union Territories wherever the Circle Office is not located in the State’s Head Quarters.

c) Designation of executives to participate in the SLBC meetings in States where the number of branches is more than 5.
d) Designation of branches to participate in the SLBC meetings in States where the number of branches is less than 5.

e) To prepare the background papers based on the agenda for executive level participation in the various meetings convened by SLBC convenor.

f) To get the feedback from the designated executives (Annexure V) and branches (Annexure VII) along with the agenda/background papers.

g) To follow up for the minutes of the SLBC meetings and to initiate appropriate follow-up action for compliance of the action points pertaining to the Bank and to apprise the Circle Head in the matter on an ongoing basis.

h) To participate in State Level Task Force Committee meetings convened by NABARD to review the performance of Banks under SAMIS (Service And Monitoring and Information System) To apprise the Circle Head about performance of the Bank under SAMIS and to initiate action wherever necessary.

i) To ensure 100% submission of LBS statements under SAMIS by the branches.

j) To submit data to the SLBC convene in time.

k) To submit topics for agenda to SL Convenor for placing in the SLBC meetings based on the feedback received from the branches/offices/our lead districts'.

l) To submit report to PC Section, Head Office, (in Annexure IV) wherever the Circle executives are designated to participate in the SLBC meetings.
III. Role of Circle Offices in respect of Lead Districts

a) Identification of suitable officers to be posted as the Lead District Manager with the support of Staff Section (O).

b) Review of the performance of the Lead District Managers on a quarterly basis and to guide him on an ongoing basis to discharge his duties effectively.

c) To review the LDMs diary on a monthly basis and to place the same before the Circle Head at quarterly rests.

d) To ensure launching of the district credit/ plans or Annual Action Plans before the due date (31st March).

e) To ensure that the LDMs conduct the DCC and DLRC meetings in time and in a proper manner.

f) To ensure that decision of the meetings are followed up and implemented.

g) To ensure that the LDMs organize Entrepreneurial Development Programmes (EDPs) for minorities in minority identified districts.

h) To ensure that the LDMs conduct Block Level Consultative Committee (BLCC) meetings every quarter.

i) To ensure that the LDMs invite and ensure participation of Members of the Parliament and the elected representatives in the DLCC meetings.

j) To ensure that the Bank is represented at Executive level by the designated executives in all the District level meetings in our Lead Districts.
k) To ensure LDMs function in close coordination with DDMs of NABARD for overall development of the district.

l) To issue guidelines to LDMs/ROs and branches for timely completion of the process of Annual Action Plan preparation and to follow up in the matter.

m) To ensure a healthy credit growth rate of 15-25% every year in the Annual Action Plan of our Lead Districts.

n) To ensure that the LDMs organize Lok Adalats in all our Lead Districts.

o) To ensure that the LDMs organize all the mandatory meetings/programmes in time.

p) To ensure that the Lead Bank Offices are provided adequate infrastructural support (including Personal Computers, Dot Matrix printers, telephones at office and residence, jeep, etc) and adequate supporting staff.

q) To identify and recommend (to PC Section, Head Office) newly posted LDMs for training at BIRD/NABARD.

r) Taking up cases of under performing banks or banks not participating in DCC/DLRC meetings with RBI / Controlling Offices / SLBC.

s) Guide and Monitor the performance of the Lead Banks on a regular basis and follow up receipt of the Monthly Diary of the LDMs.

t) The performance of the Lead Banks is to be reviewed on a quarterly basis and a note is to be placed to the Circle Head. A copy of the note, along with the views of
the Circle, is to be sent to PC Section, HO, Bangalore before 10\textsuperscript{th} of the succeeding month.

**IV. Role of Circle Offices Non-Lead Districts in Non Lead Districts**

a) To designate the District Co-ordinators in Non-Lead Districts on an ongoing basis.

b) Monitor District Co-ordinator's participation in all the District level meetings.

c) To maintain and update the list of District Co-ordinators and send it to Lead Bank and Govt. Sponsored Scheme Cell, Priority Credit Section, HO every year as in June.

d) To ensure receipt of the feedback from the District Co-ordinators (in the format enclosed as annexure VII) along with the agenda / background papers.

e) To review the proceedings of the DCC / DLRC meetings in all the Districts and apprise the Circle Head in the matter.

f) To review and guide the RO / Branches for improving the performance wherever required based on the DCC / DLRC / Standing Committee Proceedings.

**V. Other matters**

a) To issue guidelines to LDMs/ROs and branches for timely completion of the process of Annual Action Plan preparation and to follow up in the matter.

b) To ensure a healthy credit growth rate of 15-25\% every year in the Annual Action Plan of the
c) To advise branches/offices to actively participate in Lok Adalats organized in the districts.

d) To ensure that the LDMs organize all the mandatory meetings/programmes in time.

e) To ensure that the Lead Bank Offices are provided adequate infrastructural support (including Personal Computers, Dot Matrix printers, telephones at office and residence, jeep, etc) and adequate supporting staff.

**REGIONAL OFFICE**

Agriculture Finance Sections or the designated Section is to oversee the functioning of the Lead Bank Scheme in the Region. The important areas which are to be monitored by the Section are listed here below:

1. **State Level Bankers Committee Meetings (SLBC) in States where the Bank is not the Convenor of the SLBC**

   a) To participate in the SLBC Meeting & other SLBC forums in case of the States/Union Territories wherever the Circle Office is not located in the State/Head Quarters and wherever the RO executives are designated to participate in the SLBC meeting and other fora.

   b) To prepare the background papers based on the agenda for, executive level participation in the various meetings convened by SLBC convenor.

   c) To ensure participation of the designated Branch Heads
(in States where the number of our branches is less than 5) in the SLBC meetings.

d) To get the feed back from the designated Branch Heads (Annexure VI, VII) along with the agenda/ background papers.

e) To follow up for the minutes of the SLBC meetings and to initiate appropriate action for compliance of the action points pertaining to the Bank and to apprise the Circle Head in the matter on an ongoing basis.

f) To participate in State Level Task Force Committee meetings convened by NABARD to review the performance of Banks under SAMIS (Service Area Monitoring and Information System). To apprise the Region Head about the performance of the Bank under SAMIS and to initiate action wherever necessary.

g) To ensure 100% submission of the LBS statements under SAMIS by all the branches.

h) To submit data to the SLBC convenor in time.

i) To submit topics for agenda to SLBC Convenor for placing in the SLBC meetings based on the feed back received from the branches/offices/our lead districts.

j) To submit report to PC Section, Head Office, (in Annexure V) wherever the RO executives are designated to participate in the SLBC meetings.

**II. Lead Districts**

a) To guide and monitor the Lead District Manager.

b) To participate in all the District Level meeting convened
by the LBO.

c) To maintain a very good liaison with "the District Administration, Offices of the various development departments, development agencies, Bankers, Financial Institutions, NGOs, Members of Parliament and elected leaders, etc.

d) Identification of suitable officers to be posted as the Lead District Manager with the support of Circle Office.

e) Review of the performance of the Lead District Managers on a quarterly basis and to guide him on an ongoing basis to discharge his duties effectively.

f) To review the LDMs diary on a monthly basis and to place the same before the Region Head at quarterly rests.

g) To ensure that the LDMs conduct the DCC and DLRC meetings in time.

h) To ensure that the LDMs organize Entrepreneurial Development Programmes (EDPs) for minorities in minority identified districts.

i) To ensure that the LDMs conduct Block Level Consultative Committee (BLCC) meetings every quarter.

j) To ensure that the LDMs invite and ensure participation of Members of the Parliament and the elected representatives in the DLCC meetings.

k) To ensure timely convening (by District Central Co-operative Banks) participation in District Level Technical Committee meeting to fix the scale of finance
well in time.

l) To take up the matter with DLTC for revision of scale of finance wherever necessary.

m) To support the LDM to organize Lok Adalats by having good liaison with the judicial department.

n) Maintain good liaison with the District Collector, Zilla Panchayat Development Departments, RBI, NABARD.

o) Monitor implementation of Govt. Sponsored Schemes.

p) Ensure timely reporting of branches under SAMIS.

III. In Non-Lead Districts

a) To recommend to CO to designate the District Coordinators in Non-Lead Districts on an ongoing basis.

b) To ensure that the District Coordinators invariably participate in all the District level meetings.

c) To ensure receipt of the feedback from the District Coordinators (in the format enclosed as annexure VII) along with the agenda / background papers.

d) To review the proceedings of the DCC / DLRC meetings in all the Districts and initiate action wherever necessary.

e) To review and guide the RO / Branches for improving the performance wherever required based on the DCC / DLRC / Standing Committee Proceedings.

f) Ensure timely reporting under SAMIS.

IV. Other matters

a) To issue guidelines to LDMs and branches for timely
completion of the process of Annual Action Plan preparation and to follow up in the matter.

b) To approve the Annual Action Plans of the branches and to ensure that they envisage a healthy credit growth rate of 15-25% every year.

c) To ensure that the Lead Bank Offices are provided adequate infrastructural support (including Personal Computers, Dot Matrix printers, telephones at office and residence, jeep, etc) and adequate supporting staff.

d) To identify and recommend (to PC Section, Head Office) newly posted LDMs for training at BIRD/NABARD.

**LEAD BANK OFFICE**

In the Districts where our Bank is the Lead Bank, the duties and the functions are managed by the Lead Bank Office headed preferably by a Scale III Officer who is designated as Lead District Manager (LDM). The selection of the LDM is made by the Circle Office in consultation with Regional Office. Normally, an Officer with very good communication skills, highly motivated, well informed and development oriented and preferably knowing the local language is selected for the post. He has to maintain a very good liaison with the District Administration, various development departments/agencies and should have compassion for the community at large. The Lead Bank Office will normally provided with an Officer with Scale I or J necessary clerical / typist support.

**I. Duties and responsibilities**

a) To convene various meetings un the Lead Bank system
viz., Standing Committee, District Consultative Committee, District Level Review Committee, etc.

b) To participate in all the District Level meetings convened by the State Govt. wherever necessary.

c) To maintain a very good liaison the District Collector, District Administration, Offices of the various development departments development agencies, Bankers, Financial Institutions, NGOs, Members of Parliament and elected leaders, etc.

d) To review the performance of the Banks under Annual Action Plan, Govt. sponsored programmes, submission of Lead Bank statements under SAMIS, CD Ratio, etc. and to take up the matter with the appropriate authorities through the office of the District Collector/Deputy Commissioner, wherever found essential.

e) To complete the process of Annual Action Plan Preparation and launching, including circulation of Potential Linked Plans, getting the plans from the participating banks with the approval of their Regional Offices, publishing the Annual Action Plan booklet and organizing the launch programme before 31st March.

f) To take appropriate steps for rural industrialization with the support of the Govt. agencies and line department.

g) To co-ordinate with the District Development Manager (DDM) of NABARD, Lead Bank Officer of RBI and the various Govt. departments for overall development of the District.
h) To submit the LDMs diary on a monthly basis to Circle Office.

i) To organize Entrepreneurial Development Programmes (EDPs) for minorities in minority identified districts.

j) To conduct Block Level Consultative Committee (BLCC) meetings every quarter.

k) To invite and ensure participation of Members of the Parliament and the elected representatives in the DLRC meetings.

l) To ensure timely convening (by District Central Cooperative Banks) and participation in District Level Technical Committee meeting to fix the scale of finance well in time.

m) To take up the matter with DLTC for revision of scale of finance wherever necessary.

n) To organize Lok Adalats by having good liaison with the judicial department.

o) To review the performance of the Canara Bank branches in particular and guide the branches for improving the performance wherever required.

p) To apprise the Regional Head on the performance of Canara Bank branches in the Lead District and solicit support for improvement wherever required.

q) To organize seminars and extension activities to popularize new concepts for the benefit of the local population with the support from various line departments, NABARD, etc.
r) To act as a liaison between NGOs, Banks, NABARD and Govt. agencies to promote Self-Help Group movement.

s) To ensure that the Annual Credit Plan of the district envisages a healthy growth of 15-25%.

t) To ensure that all the Banks and financial institutions actively participate in the credit dispensation programme.

u) To allocate targets under various Govt. sponsored schemes equitably among all banks including private sector banks based on the branch net work, business position, etc. with the concurrence of implementing agency.

v) To allocate targets under Kisan Credit Card, Laghu Udhyami Credit Card, Artisan Credit Card, equitably among all banks including private sector banks based on the branch net work, business position, etc.

w) To take up with SLBC matters requiring attention /decisions at State level.

x) Lead District Managers are to submit a monthly report to the respective AF Section, Circle Office (with a copy to; Regional Office) before 5th, of succeeding month giving details of performance/activities undertaken during the month.

II. Other matters

a) To support the branches by effective liaison to increase the credit off-take of the branches under Agriculture, SSI and Priority Sector.
b) To organize seminars on agriculture and extension activities / exhibitions for the benefit of Canara Bank branches in the district in co-ordination with the participating branches and the Regional Office.

c) To liaise with the agencies implementing crop insurance scheme and the Banks.

d) To conduct study on various areas of priority credit as per the directions of the RO/CO/HO.

e) To attend to any other matter assigned by the Regional Head based on the exigencies of the services.

DISTRICT CO-ORDINATORS

a) To participate in all the District level meetings and represent the Bank on behalf of the branches operating in the district.

b) To give feedback to the RO/CO (in the format enclosed as annexure VII) along with the agenda / background papers.

c) To review the proceedings of the DCC / DLRC meetings in all the Districts and recommend to the Regional Office/ Circle Office to initiate action wherever necessary.

d) To review the performance of our branches and guide the branches wherever required based on the DCC / DLRC / Standing Committee Proceedings.

e) To maintain proper liaison with District Administration, Lead District Manager and the various developing agencies.
f) To collect and consolidate and subri various statements including SAMIS

**BLOCK LEVEL BANKERS COMMITTEE CONVENORS**

BLBC is normally convened by Branch Manager of the Lead Bank of District wherever they have a branch in block head quarters. Wherever the Bank has no branch in the block head quarters, the convenorship of the BLBC be assigned to the Bank having major share in the branch net work in particular I with mutual consent. In such cases designated branch of the Bank shall have the following responsibilities:

a) To convene the BLBC meeting on quarterly basis.

b) To send meeting notice to the participating bank branches.

c) To circulate the proceedings of the BLBC meeting among the participated branches and the LDM.

d) To liaise with the block level officials LDM and the banks for an effective and purposeful deliberations.

1.12 Problem and Prospects – The approach methodology and limitations of the study, source of data and coverage (area and aspects to be covered). Outline of the Chapters.

1.12.1 Objectives of the Lead Bank:

a) To initiate steps for technological upgradation and modernization of existing units.

b) To facilitate marketing of Small Scale Sector products in India and abroad.

c) To promote employment oriented industries in Semi-urban areas to check migration of population to big
The Union budget 1996-97 envisages a number of measures to develop small-scale sector with the Lead Bank as the focal point.

Lead Bank plays a very important role for the development of SSIs. It provide assistance to the entire SSIs sector including tiny, village and cottage industries, through suitable schemes to meet the requirement of setting up of new projects, expansion, diversification, modernization and rehabilitation. After 1992, it introduces 26 new schemes to fill the gaps in credit delivery system. It has provided equity capital, domestic currency term loans, working capital finance etc. governmental agencies, international agencies, R & D institutions, and industry associations for developing SSIs. The Lead Bank is also operating under Single Window Scheme and Adoption of Cluster for Technology Upgradation and various Human Resource Development programmes in backward areas.

**Methodology:**

For the purpose of the study, secondary data obtained from various sources was assessed and analysed. In Aligarh district, some small-scale industries as well as govt. functionaries were also approached to get first hand information about their perception of the problem. But District Industries Centre did not give the records of SSI growth. Similarly except few Entrepreneurs of SSI the entrepreneur's reactions were non-cooperative and they did not disclose most of the information. So, secondary data were collected from journals, newspapers, and Annual reports of
1.12.3 Objectives of the Study:
The main objectives of the study were as follows-

a) To identify and analyse the role of Lead Bank in financing SSIs in Aligarh district.

b) To assess the problems of SSIs in availing term loan from financial institution.

c) To identify the different sources of financing SSI from other institutional sources.

d) To examine the problems faced by SSI in getting their capital requirements from financial institutions.

e) To seek remedies and give pragmatic solutions having policy implication.

1.12.4 Hypothesis:
For the purpose of the present study the following hypothesis have been formed -

i) Finance acts as a constraint in the growth of small-scale industries in Aligarh district.

ii) Lead Bank of the District (Canara Bank) with its tremendous potential can be very effective in solving the problem of financing SSIs in Aligarh district.

1.12.5 Limitations of the Study:

a) The main limitation is that the entrepreneurs are not cooperative in disclosing their information.

b) Majority of the SSI units never maintain proper records viz. cashbook, ledger, stock statement, profit
and loss account and the balance sheet etc. Similarly most of the institutions do not have records of small-scale units.

c) The general conclusions of the study would help in developing insights and understanding of the problems faced by small scale sector in the field of finance, the role of Lead Bank for the development of SSIs. The conclusions of the study may not be applied to all the districts in UP as well as other parts of the country. This is because different districts and areas may have different problems and may need different solutions.

1.13 Outline of the Chapters:

Chapter – 1 primarily deals with a brief introduction on Lead Banks and the importance of the study, general significance in the context of Financing Small Scale Industries. Moreover, it describes the role of Lead Banks in Financing SSIs. It also deals with their specific role in regional development and background areas. Apart from this, objective, hypothesis, methodology and limitations of the study are taken into account.

Chapter-II deals with a brief review of available literature on SSIs. It has also taken into account the present scenario with reference of financial and institutional support. It has also dealt with few review committee reports on SSIs as well as on Lead Bank Scheme. Lastly this chapter has described the Role of Small Scale industries in Economic Development also.

Chapter – III includes socio-economic profile of Aligarh
District, i.e., general background, geography and economic scenarios. Infrastructure of industrial development, inter-district or inter-regional data and analysis. It has also dealt with the scenario of industrial sector in Aligarh district and constraints, problems for future growth of small scale sector.

Chapter-IV deals with the financial aspect of small scale sector in UP and Aligarh district, specific institutions, District, State support and state aided sources of finance. It has also taken into account the role of Lead Bank (Canara Bank), its relative importance as a source of financing and lastly this chapter also includes Analysis of survey results undertaken in Aligarh District.

Chapter-V deals with the problems and prospects of financing by the Lead Bank. Moreover, problems specific to Aligarh district is taken into account.

Chapter-VI presents the conclusion and recommendations.
Notes & References


8. Table No.1.2 Information Collected from Divisional Office, Canara Bank, Aligarh
