

A STUDY ON LEAD BANK SCHEME IN INDIA

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ABSTRACT

Now a days banking sectors plays vital role in human life. Banking sectors induced peoples to saving money for their future. It brings some additional facilities to the society to improve standard of living, economic growth and infrastructure to the country. The banking industry in india considerable progress especially during the last decades to emerge one of the accredited agencies of rural development.

Bank provides funds to agricultural, housing, infrastructure facilities, industries, education, power generation and increasing exports.in india all banks are rregulated by Reserve bank of india. In state level banker committee and lead banks in state level and district level.

INTRODUCTION

Nationalisation of major commercial banks constituted a land mark in the development of banking in india. Banking industries acquired a social significance from that time onwards. It was the first time the commercial banks were considered an engine of economic development.

All the major commercial banks were entrusted with the lead responsibility for promoting the development of banking in the first instance, especially by way of integrating the flow of institutional credit to the requirements of district development.

LEAD BANK SCHEME

The lead bank scheme is a bank that overseas the arrangement of loan syndication. The lead bank receives an additional fees for this services, which involves recruiting the syndicate members and negotiating the financing terms.

In the euro band market, the lead bank acts in an agent capacity for an underwriting syndicate. A lead bank is also known as a lead underwriter.

## ORIGIN OF LEAD BANK SCHEME IN INDIA

The lead bank scheme was launched by the RBI in 1969 as an area approach for providing banking facilities in rural areas. The lead bank schemes was recommended by DR Gadgil study group that pioneered the idea of providing social banking in the post independence period

## OBJECTIVES OF LEAD BANK SCHEME

- Eradication of unemployment and under employment.
- Appreciable growth in standard of living for poorest to the poor.
- Provision of some of the basic needs of the people who belong to poor sections of the society.

## FUNCTIONS OF LEAD BANK SCHEME

- Preparation of service area credit plans and annual action plans,etc..,
- Monitoring the progress of the implementation of the credit plans.
- Monitoring the progress of the implementation of the special programme like integrated rural development programme.
- Convening of meetings of district consultative committee, district level review committee, standing committee, etc...
- Co-ordination of the efforts of govt., development and credit agencies,etc.,

## ROLE OF LEAD BANK SCHEME IN INDIA

The lead bank scheme aimed to establish a lead bank in every district of india. The lead bank would coordinate with other banks and financial institutions in the area. The purpose was to ensure effective and efficient utilization of banking facilities. The scheme also aimed to increase credit flow to priority sectors.

## ROLE OF LEAD BANK SCHEME IN DISTRICT WISE

For coordinating the activities in the district a particular bank is assigned lead bank responsibility of the district.

The lead bank ids expected to assume a leadership role for coordinating the efforts of the credit institutions and the governments.

## ADVANTAGES OF LEAD BANK SCHEME

It facilitates identifying and resolving regional disparities in access to banking facilities and credit.

Through this schemes , comprehensive banking services can be extended to all sections of society including marginalised and rural populations.

## LIMITATIONS OF LEAD BANK SCHEME

Lead banks did not consider the role of cooperatives, which important source of institutional finance.

Shift policies, complexities in operations and issues shifting to financial inclusion.

Duplication of efforts in credit plan preparation.

Absence of check and balance.

## CONCLUSION

Lead bank scheme is very useful to develop countries infrastructure and industrial development. This scheme provide more employment opportunities to individuals ang public through giving various loans and subsidies. It gives guidance to the investors how to invest money in more profitable business and also gives financial advice to business mans.

The banking sectors gives advice and ideas to government how to improve economic development and increase industrialization. So, banking sectors are playing vital role in economic development through lead bank schemes.

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