

A STUDY ON THE PERFORMANCE OF LEAD BANK SCHEME

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ABSTRACT

India's economy is an agrarian, planned mixed and developing in character. The banking sector has a crucial role to play in all economic and commercial pursuits. It serves as the engine of growth and development. A number of novel and innovative schemes and programmes have been designated and implemented. Among them, Lead bank scheme of 1969 plays a strategic role in the Indian economy. This study pointed out the role of Lead Bank Scheme (LBS) is useful for the development of the economy especially in the backward area. The function of the lead banks is to co-ordinate the efforts of all other banks, financial institutions and other development agencies for bringing about the overall development of the districts especially in the backward area.

Keywords: Lead Bank Scheme , financial institutions , Swranjanthi Gram Sahari Rozgar Yojana, Swaranjanthi Gram Swarozgar Yojana.

Introduction:

India's economy is an agrarian, planned mixed and developing in character. The five year plans and recent structural adjustment programmes and the economic reforms involving Liberalization , Globalization and Privatization have successfully been transforming the social economic and commercial aspects in India. Though agriculture and industries enjoy the primary and secondary sector functions as the bedrock. On which all the other hinge and thrive transportation, banking, power, education, health and trade are the strong pillars of this vital branch of the economy .

The banking sector has a crucial role to play in all economic and commercial pursuits. It serves as the engine of growth and development. A number of novel and innovative schemes and programmes have been designated and implemented. Among them, Lead bank scheme of 1969 plays a strategic role in the Indian economy.

Lead Bank Scheme:

The lead bank which is allotted a specific district is supposed to play the role of 'consortium leader' of all the banking and financial institutions. The first task of a lead bank is to conduct a survey in the district to evolve an action plan for opening branches. Each lead bank is to prepare district credit plan covering all possible bankable projects in the district and allocate credit plan targets among various banks and financial institutions in the district . The function of the lead banks is to co-ordinate the efforts of all other banks, financial institutions and

other development agencies for bringing about the overall development of the districts. The scheme now covers 624 districts in the country.

Need for the Study:

The banking sector has playing a crucial role in a developing economy. A dynamic and vibrant banking sector has emerged as a sector of the masses rather than that of the classes of these days. The lead bank scheme is giving priority to rural and semi urban areas. District credit plan is an essential part of an lead bank scheme the district credit plan covers particularly the priority sector activities in rural areas. The lead bank scheme implements the credit plans with the help of various financial agencies including commercial banks and monitors the overall performance . The Indian Overseas Bank provides the lead bank scheme in Tirunelveli district.

This study tries to explore and analyze the performance of several types of commercial banks like public sector banks , private sector banks and regional rural banks. The advances made by commercial banks under the lead bank scheme to government sponsored programmes with reference to priority sector, and the collection and recovery conditions are scrutinized. The impact of government sponsored scheme on beneficiaries before and after utilizing the bank credit in terms of income, asset and employment generation will be examined and evaluated in this research exercise.

The parameters perspectives and problems pertaining to repayment of loans will also be highlighted.

Review of Literature:

R. Neelamagam in his research study entitled, "Institutional Financing to SSI Units" has analyzed the various types of Institutional financing facilities available to Small scale Industrial units in Tamilnadu. The study also highlighted the various subsidiaries provided by the financial institution to promote SSI units.

The study entitled "A Study of Institutional Support to Marine Small Scale Fisheries in Chidambaram District" undertaken by the V. Rajalakshmi has analyzed the role of lead bank and the NABARD in financing marine small scale fisheries in Chidambaram Dist. She has also analyzed the various credit scheme provided to the fisheries industry.

U.C Kulshrestha, in his article entitled, "Working and progress of lead Bank" has analyzed the problem in implanting the lead bank scheme. The study has emphasized the special power of lead bank to control the other bank in the district and to ensure effective monitoring and review the branch-wise progress in the district.

Joy Jacob in his research study, "Nationalized bank and Agricultural Finance with special reference to Madyapradesh." has analyzed the role of Nationalized Commercial bank in agricultural lending. He also evaluated the performance of the Nationalized Commercial bank in lending to agricultural sector.

Scope of the Study:

This study is mainly confined to the lead bank scheme in Tirunelveli District. This study analyze the trend and growth of lead bank scheme in deposits, advances, outstanding lending to priority sector.

Objectives of the Study:

The main objectives of the present study are

1. To analyze and compare the trend and growth of advances and loans of lead bank.
2. To analyze the purpose of the loan and types of loan preferred by the respondents.
3. To understand the reasons for choosing the government schemes.
4. To find out the respondents level of satisfaction towards lead bank services.
5. To offer valuable suggestions and conclusions based on the findings of the study.

Hypothesis of the Study:

Based on the objectives of the studies the following null Hypothesis was formed.

1. There is no significant relationship between the age of the respondents and their level of satisfaction.

2. There is no significant relationship between the educational qualification of the respondents and their level satisfaction.

Research Methodology:

Designing suitable methodology and selection of analytical tool is important for a meaningful analysis of any research problems. This selection is denoted to the statement of the methodology, Data were collected from both primary data and secondary data were collected from the annual credit plan of the lead bank scheme, sampling procedure, Method of analysis and tools for a analysis.

Sampling Design:

There are 31 banks, which include sixteen public sector banks, nine private sector banks and six other categories' of banks under lead bank scheme in Tirunelveli District. For the purpose of collecting primary data from the beneficiaries, 10 banks which include six public sector banks, three private sector banks and one regional rural bank in Tirunelveli District were selected. A total of 100 beneficiaries were selected from 10 branches which are selected under random sampling method. From their 10 bank branches 50 bank officials selected on the basis of 5 officials from each branch. The 100 beneficiaries are selected under convenient sampling method.

Collection of Data:

Both primary and secondary data have been used for the present study. A reconnaissance survey was made among the select beneficiaries to get acquired with the loan amount received, utilized and repaid. On the basis of information gathered, a well designed pre-tested interview schedule was drafted and used in the field survey to collect the primary data. Before undertaking the main survey, a tentative interview schedule was prepared and administered to 25 beneficiaries in order to test the validity of the interview schedule. In facilitated the removal of the non-response and unwanted questions are modified final schedule based on this was prepared.

Tools For Analysis:

In order to analyses of branches deposits, advances, outstanding lending to priority sector and its stability over the period the Arithmetic mean and co-efficient of variation, Standard deviation, percentage, chi-square test, and trend analysis were used.

Analysis and Interpretation:

Deposits Of Lead Bank Scheme:

The Table 1.8.1 reveals that the deposits in lead bank scheme in Tirunelveli District during the period between 1999-2000 and 2009-2010.

TABLE 1.8.1: Deposits of Lead Bank Scheme (Rs in thousand)

Year	Deposits Amount (In Rs)	Percentage of increase or decrease
1999-2000	16034.27	4.64
2000-2001	19553.09	5.65
2001-2002	21783.66	6.30
2002-2003	24555.68	7.10
2003-2004	26895.81	7.78
2004-2005	28306.98	8.18
2005-2006	31037.97	8.97
2006-2007	34620.06	10.01
2007-2008	38380.02	11.10
2008-2009	46879.91	13.56
2009-2010	57796.31	16.71

Source: Compiled from the Annual credit plan of Tirunelveli District.

From the Table 1.9.1, it has been observed that, while the deposits increased from 4.64 per cent in the year 1999-2000 to 16.71 per cent in the year 2009-2010. In the case of deposits amount has been increased from Rs.16034.27 thousand in the year 1999- 2000 to Rs 57796.31 in the year 2009-2010.

The average and stability of, deposits made by lead bank scheme in Tirunelveli District shown in below Table 1.8.1.1.

TABLE 1.8.1.1: Average and Stability of Deposits During the Period between 1999-2000 and 2009-2010

S.No	Particular	Deposits Amount (in Rs)
1	Mean	31440.36
2	S.D	12414.56
3	C.V.(%)	39.48

It has been observed from the Table 1.8.1.1 that the average of deposits, made by lead bank in Tirunelveli District were 31440.36 during the period between 1999- 2000 and 2009-2010.

In the year 2014- 2015, the expected and deposits was Rs.345862.89 thousand.

Advances of Lead Bank Scheme:

The advances of lead bank scheme in Tirunelveli District during the period between 1999-2000 and 2009-2010 shown in the Table 1.8.2.

Table 1.8.2: Advances of Lead Bank Scheme (Rs in thousand)

Year	Advances amount (in Rs)	Percentage of increase or decrease
1999-2000	6195.45	2.89
2000-2001	7199.59	3.36
2001-2002	9231.59	4.31
2002-2003	10135.48	4.73

2003-2004	12363.36	5.77
2004-2005	14351.53	6.70
2005-2006	19639.06	9.17
2006-2007	24811.12	11.59
2007-2008	29526.78	13.79
2008-2009	37677.36	17.59
2009-2010	43026.34	20.09

Source: Compiled from the Annual credit plan of Tirunelveli District.

From the Table 1.8.2 it could be seen that, the advances increased from 2.89 per cent in the year 1999-2000 to 20.09 per cent in the year 2009-2010. In the case of advances amount has been increased from Rs. 6195.45 thousand in the year 1999- 2000 to Rs 43026.34 in the year 2009-2010.

The average and stability of advances made by lead bank scheme in Tirunelveli District shown in the Table 1.8.2.1

TABLE 1.8.2.1: Average and stability of Advances During the period between 1999-2000 and 2009-2010

S. No.	Particular	Advances Amount (in Rs)
1	Mean	19468.88
2	S.D	12694.65
3	C.V.(%)	65.20

It has been observed from the Table 2.6 advances made by Lead bank Scheme in Tirunelveli District were Rs 19468.88 thousand respectively during the period between 1999- 2000 and 2009-2010.

In the year 2014- 2015, the expected and deposits was Rs.214175 thousand.

Sources of Information About Lead Bank Scheme:

The effective communication methods are essentials respondents report on various communication sources are presented in Table 1.8.3.

TABLE 1.8.3: Classification of Sources of Information

S. No	Sources	Number of Respondents	Percentage
1	News paper	17	17
2	Radio/ T v	24	24
3	Friends /Relatives	25	25
4	Voluntary organization	34	34
	Total	100	100

Source primary data:

From the Table 1.8.3 shows that a various sources of information about the scheme along with number of respondents reported are evident ,17 per cent of the respondents have information through news paper, 24 per cent of respondents have information through Radio/ TV, 25 per cent of respondents information through friends/relatives and remaining 34 per cent of respondents information through voluntary organization.

It is inferred that majority (34%) of the respondents have information through voluntary organization.

Purposes of Loans:

People borrow the money for various purposes like business, Agriculture, Employment and others. The data about purpose of the loan were collected from the respondents and presented in below Table 1.8.4

Table 1.8.4: Classification of Loans

S. No.	Purposes of Loan	Number of Respondents	Percentage
1	Agriculture	9	9
2	Business	57	57
3	Self Employment	14	14
4	Others	20	20
	Total	100	100

Source: Primary Data

From the above Table 1.8.4, observed that 9 per cent of borrowing were made for agriculture purpose, 57 per cent of borrowings were made for business, 14 per cent of borrowing were made for self employment and the remaining 20 per cent of the borrowing have borrowed others purpose.

It is inferred that majority (57%) of the borrowing made for business.

Types of Loan:

The government sponsored programs under the lead bank scheme by various loans to provided are presented in the below Table 1.8.5.

Table 1.8.5: Types of Loan

S N	Types	Number of Respondents	Percentage
1	Prime Minister Employment Generation Programme	14	14
2	Swranjanthi Gram Sahari Rozgar Yojana	12	12
3	Swaranjanthi Gram Swarozgar Yojana	6	6
4	Poverty Alleviation and Income Generation Programme Sc / St / Others	27	27
5	Self Help Group Scheme	35	35
6	Kissan Credit Card Scheme	6	6
	Total	100	100

Source: Primary Data

From the above Table 1.8.5, it is found that out of 100 respondents, 14 per cent of the respondents are selected in Prime minister employment generation programme, 12 per cent of the respondents are selected in Swranjanthi Gram Sahari Rozgar Yojana, 6 per cent of the respondents are selected in Swaranjanthi Gram Swarozgar Yojana, 27 per cent of the respondents are selected in Poverty alleviation and income generation

programme SC/ST/Others, 35 per cent of the respondents are selected in self help group scheme and remaining 6 per cent respondents are selected in Kissan credit card scheme.

It is inferred that the majority (35%) of the respondents are in self help group scheme.

Reasons For Choosing Government Sponsored Programs:

The government sponsored programs under the lead bank scheme is to generate more employment opportunities to the people. It is various reasons for choosing government sponsored programs are presented in the below Table 1.8.6.

Table 1.8.6.: Reasons for Choosing Government Sponsored Programmes

SN	Reasons	Number of Respondents	Percentage
1	Lack of employment opportunities	13	13
2	Opportunity to use own skills	20	20
3	Alternative of government subsidy	35	35
4	Encouragement given by others	15	15
5	Any other reason	17	17
	Total	100	100

Source: Primary Data.

It is observed that the Table 1.8.6., 13 per cent of the respondents have selected in lack of employment opportunities, 20 per cent of the respondents have selected in opportunity to use in own skills, 35 per cent of the respondent are selected in Alternative of government subsidy, 15 per cent of the respondents have selected in Encouragement given by others and remaining 17 per cent of the respondents have selected in Any other reason.

From the View, the majority (35%) of the beneficiaries have selected an Alternative of government subsidy.

Age of the Respondents and their Level of Satisfaction:

An attempt has been made to analyze whether there is significant relationship between the age of the respondents and their level of satisfaction. Table 1.8.7 shows the age of the respondents and their level of satisfaction.

Table 1.8.7.: Age of the Respondents and their Level of Satisfaction

Age/ Level of Satisfaction	High	Medium	Low	Total
Below 40years	13 (20.63%)	41 (65.08%)	9 (14.29%)	63 (100%)
Above 40 years	8 (21.62%)	19 (51.35%)	10 (27.03)	37 (100%)
Total	21	60	19	100

Source: Primary Data

To find out whether there is any relationship between the age and the level of satisfaction of the respondents of an various networks a chi-square test applied .

Hypothesis:

There is no significant relationship between the age of the respondents and their level of satisfaction
The calculate value (2.7344) is less than the table value (5.99) at 5 per cent level ,the null hypothesis is accepted. It reveals that there is no significant relationship between the age of the respondents and their level of satisfaction

Educational Qualification of the Respondents and their Level of Satisfaction:

Educational qualification of the lead scheme beneficiaries are one of the most important variable that influence the level of satisfaction. Hence an attempt has been made to analyze whether there is any significant relationship between the occupation of the respondents of lead bank scheme and their level of satisfaction of the respondents

Table 1.8.8: Educational Qualification and Level of Satisfaction

Qualification	High	Medium	Low	Total
Below H.S.C	9 (18%)	33 (66%)	8 (16%)	50 (100%)
Above H.S.C	12 (24%)	27 (54%)	11 (22%)	50 (100%)
Total	21	60	19	100

Source: Primary data

To find out whether there is any relationship between the age and the level of satisfaction of the respondents of various services' a chi-square test is applied Table 3.30 reveals the working of the chi-square

Hypothesis:

There is no significant relationship between the educational qualification of the respondents and their level satisfaction.
The calculate value is 1.5022 is less than the table value (5.99)at 5 per cent level the null hypothesis is accepted .It reveals that there is no significant relationship between the educational qualification of the respondents and their level of satisfaction

Suggestions:

Based on the analyses and findings of the study the following suggestions were provided to explore the benefits of Lead bank scheme.

I. To the Government:

- 1.The Government should introduce new schemes with low interest rate and with high subsidy rate.
- 2.The Government should take proper steps to implement new various schemes
- 3.The Government may extent loans to joint venture and partnership firm in order to provide employment opportunities to more people.

II. To the Bank Officials:

- 1.The bank officials should aware of various Lead bank schemes.
- 2.They should visits each branch of the participating bank, atleast once in a month; during his visits he should guide the branch manager in removing bottlenecks.
- 3.The Bank officials should consider the power of the repayment of the beneficiaries before sanctioning the loan.
- 4.They should take proper steps to recover the loan promptly from the beneficiaries.

III. To the Beneficiaries:

1. The beneficiaries should utilize the loan amount properly.
2. They should bear the responsibility of repaying the loan promptly.

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