

**IMPORTANCE OF LEAD BANK IN
FINANCIAL INCLUSION**

A PROJECT REPORT

**MASTER OF BUSINESS ADMINISTRATION
IN
FINANCIAL TECHNOLOGY**



**DEPARTMENT OF BANKING TECHNOLOGY
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DECLARATION

I SHANMUGASUNDARAM, hereby declare that the presented report of the internship project titled “IMPORTANCE OF LEAD BANK IN FINANCIAL INCLUSION” in the INDIAN BANK, LEAD BANK is uniquely prepared by me during the completion of work under the supervision of Mr. MANIRAJ of Indian Overseas Bank for the period of August 7th to September 13th, 2023.

I also confirm that the report is only prepared for my academic requirement, not for any other purpose.

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REGARDS
SHANMUGASUNDARAM

ABSTRACT

Financial inclusion is the process of ensuring that all people have access to basic financial services, such as bank accounts, loans, and insurance. It is essential for economic growth and development, as it allows people to save and invest their money, start businesses, and protect themselves from financial risks.

The lead bank scheme is a banking initiative launched by the Reserve Bank of India (RBI) in 1969 to promote financial inclusion in rural areas. Under this scheme, a lead bank is assigned to each district in the country. The lead bank is responsible for coordinating the activities of all banks and financial institutions operating in the district to ensure that credit is available to all sections of the population, including the poor and the underserved.

The lead bank plays a vital role in financial inclusion by:

- ❖ Identifying the credit needs of the people in the district
- ❖ Providing financial products and services that are tailored to the needs of the people
- ❖ Facilitating the flow of credit to the priority sectors, such as agriculture, small and medium enterprises, and education
- ❖ Working with government agencies to implement financial inclusion schemes
- ❖ The lead bank also plays a role in promoting financial literacy and awareness among the people. This is important because many people in rural areas are not aware of the benefits of financial services or how to access them.

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INTRODUCTION:

Financial inclusion, the process of providing access to affordable financial services to all segments of the population, has been a focal point of India's economic development policies. Despite remarkable progress over the years, a significant portion of the population remains excluded from formal financial services, predominantly in rural and remote areas.

A lead bank is a bank that is responsible for arranging a loan syndication. This means that the lead bank will work with other banks to provide the borrower with the loan. The lead bank will typically receive an additional fee for this service.

A lead bank is also the primary bank of an organization. This means that the lead bank is the bank that the organization uses for most of its banking needs, such as deposits, loans, and payments.

The lead bank system was introduced in India in 1969 as part of the nationalization of 14 major commercial banks. The system was designed to improve the coordination of banking services and to promote financial inclusion in rural areas.

The lead bank is selected by the RBI based on its financial strength, track record, and commitment to financial inclusion. The lead bank is required to establish a lead bank office in the district or region and to appoint a lead bank officer. The lead bank officer is responsible for implementing the lead bank's activities in the district or region.

The lead bank system has been credited with playing a significant role in promoting financial inclusion in India. The system has helped to increase the availability of credit to small businesses and farmers, and it has also helped to improve the delivery of banking services to rural areas.

The lead bank system is a valuable tool for promoting financial inclusion and economic development in India.

The genesis of the Lead Bank Scheme (LBS) can be traced to the Study Group headed by Prof. D. R. Gadgil (Gadgil Study Group) on the Organizational Framework for the Implementation of the Social Objectives, which submitted its report in October 1969. The Study Group drew attention to the fact that commercial banks did not have adequate presence in rural areas and also lacked the required rural orientation. The Study Group, therefore, recommended the adoption of an 'Area Approach' to evolve plans and programmes for the development of an adequate banking and credit structure in the rural areas.

A Committee of Bankers on Branch Expansion Programme of Public Sector Banks appointed by the Reserve Bank of India under the Chairmanship of Shri F. K. F. Nariman (Nariman Committee) endorsed the idea of an 'Area Approach' in its report (November 1969), recommending that in order to enable the Public Sector Banks to discharge their social responsibilities, each bank should concentrate on certain districts where it should act as a 'Lead Bank'.

Pursuant to the above recommendations, the Lead Bank Scheme was introduced by the Reserve Bank of India in December 1969. The Scheme aims at coordinating the activities of banks and other developmental agencies through various fora in order to achieve the objective of enhancing the flow of bank finance to the priority sector and other sectors and to promote banks' role in the overall development of the rural sector. For coordinating the activities in the district, a particular bank is assigned 'Lead Bank' responsibility of the district. The Lead Bank is expected to assume a leadership role for coordinating the efforts of the credit institutions and the Government.

In view of the several changes that had taken place in the financial sector, the Lead Bank Scheme was last reviewed by the High Level Committee headed by Smt. Usha Thorat, the then Deputy Governor of the Reserve Bank of India in 2009.

The High Level Committee held wide ranging discussions with various stakeholders viz. State Governments, banks, development institutions, academicians, NGOs, MFIs etc. and noted that the Scheme has been useful in achieving its original objectives of improvement in branch expansion, deposit mobilisation and lending to the priority sector, especially in rural/semi urban areas. There was overwhelming consensus that the Scheme needs to continue. Based on the recommendations of the Committee, the guidelines were issued to SLBC Convenor banks and Lead Banks for implementation.

Envisaging greater role for private sector banks, Lead Banks were advised to ensure that private sector banks are more closely involved in the implementation of the Lead Bank Scheme. Private sector banks should involve themselves more actively by leveraging on Information Technology bringing in their expertise in strategic planning. They should also involve themselves in the preparation as well as implementation of the District Credit Plan.

In view of the changes that have taken place in the financial sector over the years, the Reserve Bank of India had constituted a “Committee of Executive Directors” of the Bank to study the efficacy of the Scheme and suggest measures for its improvement. Based on the Committee’s recommendations and feedback received from various stakeholders, certain ‘action points’ were issued to SLBC Convenors/Lead Banks and NABARD on April 6, 2018.

METHODOLOGY:

❖ RESEARCH DESIGN

A research design is the program that guides the researchers in the process of collecting, analysing and interpreting the data. The researcher decided to use the descriptive form of research design to provide solutions to the research problems. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection. This research design is used because it often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution. Because the human mind cannot extract the full import of a large mass of raw data, descriptive statistics are very important in reducing the data to manageable form. Likewise, descriptive research can be either quantitative or qualitative, thus the researchers' choice of research design (Glass & Hopkins, 1984).

❖ STUDY POPULATION

Considering the broad nature of the banking industry of Pondicherry the complexities involved in adapting to new technologies, the study shows that the financial inclusion has improved a lot then in late 90's and 20's. As a result, the researchers are customers within Pondicherry including the head office as the population of these banks were selected because they are very busy branches.

❖ SAMPLE SIZE AND SAMPLING TECHNIQUE

The main instrument for data collection was the "Annual Credit Plan" book administered through the help of some staff of the institution. Researchers normally determine their sample size and technique to validate their objectives of the study.

❖ SOURCES OF DATA

The research was based on both secondary data collection. the secondary sources of data were gathered from relevant reading materials obtained from the internet, books in journals, articles, magazines, annual report, newspapers and the internet on issues relating to customer service. I have obtained the data from the ACP book.

❖ RESEARCH INSTRUMENT

I used objectives as the basic research instrument, which is prepared from the topics given from my branch manager. The objectives are prepared from the topics relevant to importants of lead bank in financial inclusion.

❖ ANALYSIS OF DATA

I used simple Microsoft office excel and PowerBI with graphical and table presentation for the analyses. In addition, I analysed the data by using both qualitative and quantitative data.

❖ RESEARCH LIMITATIONS AND POTENTIAL PROBLEMS IN THE INDUSTRY

The data is collected for one year, it will be more effective if the data is available for past five years. Finally, a more robust analysis involving other factors is needed in financial technology industry to reach at a strong conclusion on the importants of lead bank in financial inclusion. The potential problem is that the industry keeps growing and customer's need to be aware of this.

The limitation of this study was that it only included the banking sector in Pondicherry. It can still be developed again by adding more financial companies and banks from other countries and expanding the number of years. In addition to adding several variables related to financial inclusion and lead bank. The study has reached several recommendations, the most important of which are:

1. Focus on developing financial inclusion in rural areas in India.
2. India should develop and govern more regulatory framework for financial inclusion for protecting the under-poverty people.
3. Banks must hire qualified staff and train them appropriately to perform the FINTECH awareness programs to gain customer.

Objectives:

- To identify the importance of Lead bank in financial inclusion and how the ACP (Annual Credit Plan) is created.
- To measure the performance of the financial inclusion made by Lead bank.
- To state the key challenges faced by the Lead bank

FORA UNDER LEAD BANK SCHEME:

Block Level Bankers' Committee (BLBC):

The Block Level Bankers' Committee (BLBC) is a vital forum that facilitates coordination between credit institutions and development agencies at the block level. Chaired by the Lead District Manager (LDM), it prepares and reviews the Block Credit Plan, addressing operational challenges in credit programs. Members include various banks, Small Finance Banks, RRBs, and technical officers. BLBC meetings occur quarterly, serving as a crucial platform for strategic planning.

To enhance BLBC's effectiveness within the Lead Bank Scheme, active participation of branch managers and selective attendance of Controlling Heads of banks is encouraged. Inclusion of the District Development Manager (DDM) from NABARD is advised for enriched discussions. The Lead District Officer (LDO) from RBI and representatives of Panchayat Samitis also contribute their expertise. Inviting Payments Banks fosters a diverse perspective on credit implementation. Overall, BLBC plays a pivotal role in driving effective credit programs and block-level development.

District Consultative Committee (DCC):

Constitution of DCC:

The District Consultative Committees were constituted in the early seventies as a common forum at the district level for bankers as well as Government agencies/departments to facilitate coordination in implementing various developmental activities under the Lead Bank Scheme. The District Collector is the Chairman of the DCC meetings. Reserve Bank of India NABARD, all the commercial banks including Small Finance Banks, Wholly Owned Subsidiaries (WOS) of Foreign Banks, RRBs, Payments Banks, Co-operative banks including the District Central Cooperative Bank (DCCB), various State Government departments and allied agencies are the members of the DCC. The Lead

District Officer (LDO) represents the Reserve Bank as a member of the DCC. The Lead District Manager (LDM) convenes the DCC meetings. The Director of Micro, Small and Medium Enterprises Development Institute (MSME-DI) in the district is an invitee in districts where MSME clusters are located to discuss issues concerning MSMEs.

Conduct of DCC Meetings:

i) DCC meetings should be convened by the Lead Banks at quarterly intervals.

ii) At the DCC level, sub-committees as appropriate, may be set up to work intensively on specific issues and submit reports to the DCC for its consideration.

iii) DCC should give adequate feedback to the SLBC on various issues that need to be discussed on a wider platform, so that these receive adequate attention at the State Level.

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District Level Review Committee (DLRC) Meetings:

DLRC meetings are Chaired by the District Collector and attended by members of the District Consultative Committee (DCC). Public Representatives i.e., Local MPs/MLAs/ZillaParishad Chiefs are also invited to these meetings. The DLRC meetings should be convened by the Lead Banks at least once in a quarter. The DLRC is a forum to review the pace and quality of the implementation of various programmes under the Lead Bank Scheme in the district. Hence, association of non-officials is considered useful. Lead Banks are required to ensure the presence of public representatives in DLRC meetings as far as possible.

Therefore, Lead Banks should fix the date of DLRC meetings with due regard to the convenience of the representatives of the public i.e., MPs/MLAs etc. and invite and involve them in all functions conducted by the banks in the districts, such as opening of new banking outlets, distribution of Kisan Credit Cards, SHG credit linkage programmes, etc. Responses to queries from public representatives need to be accorded highest priority and attended to promptly. The follow up of the DLRC's decisions is required to be discussed in the DCC meetings.

State Level Bankers' Committee (SLBC):

Constitution of SLBC:

i) The State Level Bankers' Committee (SLBC) was constituted in April 1977, as an apex inter-institutional forum to create adequate coordination machinery in all States, on a uniform basis for development of the State. SLBC is chaired by the Chairman/ Managing Director/ Executive Director of the Convenor Bank. It comprises representatives of commercial banks including Small Finance Banks, Wholly Owned Subsidiaries (WOS) of Foreign Banks, RRBs, Payments Banks, State Cooperative Banks,

RBI, NABARD, heads of Government departments including representatives from National Commission for Scheduled Castes/Tribes, National Horticulture Board, Khadi & Village Industries Commission etc. and representatives of financial institutions operating in a State, who come together and sort out coordination problems at the policy implementation level. Representatives of various organizations from different sectors of the economy like industry bodies, retail traders, exporters, farmers' unions, etc. are special invitees in the SLBC meetings for discussing their specific problems, if any. SLBC meetings are held on quarterly basis. The responsibility for convening the SLBC meetings would be of the SLBC Convenor Bank of the State.

ii) Recognising that SLBCs, primarily as a committee of bankers at the State level, play an important role in the development of the State, illustrative guidelines on the conduct of State Level Bankers' Committee meetings have been issued.

Conduct of SLBC Meetings:

i) SLBC meetings are required to be held regularly at quarterly intervals. The meetings are chaired by the Chairman/ Managing Director/ Executive Director of the Convenor Bank and co-chaired by the Additional Chief Secretary or Development Commissioner of the State concerned. In cases where the Managing Director/Chief Executive Officer/Executive Director of the SLBC Convenor Bank is unable to attend SLBC Meetings, the Regional Director of the RBI shall co-chair the meetings along with the Additional Chief Secretary/Development Commissioner of the State concerned. A High Level of participation in SLBC/UTLBC meetings ensures an effective and desired outcome with meaningful discussion on issues of public policy of both the Government of India and the Reserve Bank of India.

ii) The Chief Minister/Finance Minister and senior level officers of the State/RBI (of the rank of Deputy Governor / Executive Director) may be invited to attend the SLBC meetings. Further, the State Chief Ministers are encouraged to attend at least one SLBC meeting in a year.

iii) State Level Bankers' Committee meetings should primarily focus on policy issues with participation of only the senior functionaries of the banks/ Government Departments. All routine issues may be delegated to subcommittee(s) of the SLBC. A Steering Sub-committee may be constituted in the SLBC to deliberate on agenda proposals from different stakeholders and finalise a compact agenda for the SLBC meetings. Typically, the Sub- Committee could consist of SLBC Convenor, RBI & NABARD representatives & senior State Government representative from the concerned department, eg: Finance/ Institutional Finance and two to three banks having major presence.

iv) other issue-specific sub-committees may be constituted as required. The sub committees may examine the specific issues relating to agriculture, micro, small/medium industries/enterprises, handloom finance, export promotion and financial inclusion, etc. in-depth and devise solutions/ recommendations for adoption by the full committee. They are expected to meet more frequently than the SLBC. The composition of the sub-committees and subjects/ specific issues impeding/enabling financial inclusion to be deliberated upon, may vary from State to State depending on the specific problems/issues faced by the States.

v) The secretariat/offices of the SLBC should be sufficiently strengthened to enable the SLBC Convenor Bank to effectively discharge its functions.

vi) The various fora at lower levels may give adequate feedback to the SLBC on issues that need to be discussed on a wider platform.

vii) Several institutions and academicians are engaged in research, studies etc. that have implications for sustainable development in agriculture and MSME sector. Engaging with such research institutions and academicians would be useful in bringing in new ideas for furthering the objectives of the Lead Bank Scheme. The SLBCs may, therefore, identify such academicians and researchers and invite them as 'special invitees' to attend SLBC meetings occasionally both for adding value to the discussions and also associate them with studies appropriate to the State. Other 'special invitees' may be invited to attend SLBC meetings depending on the agenda items/issues to be discussed in the meetings.

viii) The activities of NGOs in facilitating and channeling credit to the low-income households are expected to increase in the coming years. Several corporate houses are also engaged in corporate social responsibility activities for sustainable development. A linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/corporates provide the necessary 'credit plus ' services can help leverage bank credit for inclusive growth. Success stories could be presented in SLBC meetings to serve as models that could be replicated.

Liaison with State Government:

SLBC Convenor Banks are expected to co-ordinate the activities of all banks in the State, discuss with State Government officials, the operational problems in lending, extending necessary support for banking development and to achieve the objective of financial inclusion.

Implementation of Lead Bank Scheme:

Preparation of credit plans

Planning plays an important role in the implementation of the Lead Bank Scheme and a bottom-up approach is adopted to map the existing potential for development. Under LBS, planning starts with identifying block-wise/ activity-wise potential estimated for various sectors.

Potential Linked Credit Plans (PLPs):

I) Potential Linked Credit Plans (PLPs) are a step towards decentralized credit planning with the basic objective of mapping the existing potential for development through bank credit. PLPs take into account the long term physical potential, availability of infrastructure support, marketing facilities, and policies/programmes of Government etc. NABARD to take measures to ensure that PLPs should be more focussed and implementable so that banks can utilize them more gainfully while preparing the Branch Credit Plan. PLPs should emphasise on promotion of sustainable agricultural practices suitable to local conditions. While preparing the PLPs, the focus must be on identifying processes and projects that:

- a. reduce the carbon foot-print,
- b. prevent the overuse of fertilizers,
- c. ensure efficient utilisation of water and
- d. address agricultural pollution issues.

The plans must also focus on promoting innovative farming systems such as organic farming, bio dynamic farming, permaculture and sustainable small-scale farming, as also promoting Farmer Producer Organisations (FPOs) and Farmers' Markets. Such initiatives must be supported by appropriate investments and project finance frameworks.

II) A pre-PLP meeting is convened by LDM during June every year to be attended by banks, Government agencies, etc., to reflect their views and concerns regarding credit potential (sector/activity-wise) and deliberate on major financial and socio-economic developments in the district in the last one year and priorities to be set out for inclusion in the PLP. The DDM of NABARD makes a presentation in this meeting outlining the major requirements of information for preparing the PLP for the following year. The preparation of PLP for the next year is to be completed by August every year to enable the State Government to factor in the PLP projections.

III) The procedure for preparing the District Credit Plan is as follows:

a) Controlling Offices of commercial banks including Small Finance Banks, Wholly Owned Subsidiaries (WOS) of Foreign Banks and Head Office of RRB and DCCB/LDB circulate the accepted block-wise/activity-wise potential to all their branches for preparing the Branch Credit Plans (BCP) by their respective branch managers. Banks should ensure that the exercise of preparation of branch/block plans is completed in time by all branches so that the Credit Plans become operational on time.

b) A special Block Level Bankers' Committee (BLBC) meeting is convened for each block where the Branch Credit Plans are discussed and aggregated to form the Block Credit Plan. The DDM and the LDM guide the BLBC in finalizing the plan, ensuring that the Block Credit Plan is in tune with the potentials identified activity-wise including in respect of Government Sponsored Schemes.

c) All the Block Credit Plans of the district are aggregated by the LDM to form the District Credit Plan (DCP). This plan indicates an analytical assessment of the credit needs of the district to be deployed by all the financial institutions operating in the district and the total quantum of funds to be earmarked as credit by all the financial institutions for a new financial year. The Zonal/Controlling Offices of banks, while finalizing their business plans for the year, should take into account the commitments made in the DCP which should be ready well in time before the performance budgets are finalized.

d) The District Credit Plan is then placed before the DCC by the Lead District Manager for final acceptance/approval. All the District Credit Plans are eventually aggregated into a State Level Credit Plan to be prepared by SLBC Convenor Bank and launched by the 1st of April every year.

e) The corporate business targets for branches, blocks, districts and states may be aligned with the Annual Credit Plans (ACP) to ensure better implementation. The Controlling Offices of the banks in each state should synchronize their internal business plans with the ACP

Monitoring the Performance of Credit Plans:

The performance of the credit plans is reviewed in the various fora created under the Lead Bank Scheme as shown below:

At Block Level	Block Level Bankers' Committee (BLBC)
At District Level	District Consultative Committee (DCC) & District Level Review Committee (DLRC)
At District Level	State Level Bankers' Committee (SLBC)

Monitoring of LBS by RBI - Monitoring Information System (MIS):

i) Data on Annual Credit Plan (ACP) is an important element to review the flow of credit in the State. ACP formats are aligned with the extant reporting guidelines on priority sector lending. Accordingly, the ACP is to be prepared considering the categories of priority sector that would include Agriculture, Micro, Small and Medium Enterprises, Export Credit, Education, Housing, Social Infrastructure, Renewable Energy and Others. Further, it has been decided that bank loans to Micro/Small and Medium Enterprises (Services), engaged in providing or rendering of services as defined in terms of investment in equipment under MSMED Act, 2006, shall qualify under priority sector without any credit cap. With a view to simplify the MIS Statements, it had been decided that the quarterly statement on progress under ACP may be prepared in an all-inclusive single format - MIS ([Annex IV](#)) containing data on (a) ACP targets. (b) ACP achievements/disbursements and (c) ACP sector/ sub-sector wise loan amount outstanding, for all categories of LBS for member banks viz. Public Sector Banks, Private Sector Banks, Regional Rural Banks, Small Finance Banks and Rural Cooperative Banks (StCBs and DCCBs). The bank group wise statements as per the prescribed format should be prepared and the same to be placed for meaningful review in all DCC and SLBC meetings.

ii) In order to maintain consistency and integrity of data with the All-India data of scheduled commercial banks and facilitate a meaningful review/analysis of data, the ACP data needs to be grouped separately for scheduled commercial banks and other banks like State Cooperative Banks, DCCBs, etc. while presenting in the DCC/SLBC meetings and submitting to our Regional Offices. The data pertaining to scheduled commercial banks needs to be further grouped into public sector banks, private sector banks, Regional Rural Banks, Small Finance Banks and Wholly Owned Subsidiaries (WOS) of Foreign Banks to know the bank group wise position.

Role of Banks' Head Offices:

- ☐ Banks' HOs shall generate the district wise and block wise data of each state in the prescribed format.
- ☐ Banks' HOs shall ensure that the mapping of their branches to the block level has been carried out.
- ☐ HO of each bank shall provide the report in prescribed format to controlling office of bank working at state level.
- ☐ The state code, district code & block code should be as per the Government of India's census 2011 data.
- ☐ The amount column in the report should be provided in the actual figure and not in lakhs, crores, billions or millions etc.

Role of Controlling Office of Bank working at state level:

- ☐ Each Banks' controlling office at state level responsible to feed the data in respective state must upload the data in SLBC portal of that state.
- ☐ For Data pertaining to State Government/ Other data (which is not available on CBS or MIS of the bank), controlling office of the bank at state level will collate the data in format given by SLBC of that state & upload the same on the SLBC portal.

Role of SLBC Convenor Bank:

- ☐ SLBC Convenor bank must ensure that their data feeding website/web portal is having a provision for uploading the data in approved format by controlling office of each bank working at state level.
- ☐ There are 29 formats (flat files) for the data pertaining to CBS or available through MIS of the bank.

- Other than formats mentioned above, there are 04 excel formats for data pertains to FLCs & RSETI, which is required to be collected from the controlling office of banks at state level.
- For Data pertaining to State Government/ Other data (which is not available on CBS or MIS of the bank), SLBC Convenor bank may follow their existing procedure or devise the new procedure.
- SLBC Convenor bank must ensure that LDMs are able to access web portal of SLBC to download the block wise data of their respective district.
- SLBC Convenor bank should provide the access to controlling offices of banks of respective state on SLBC web portal to download the uploaded data to verify the correctness of data.
- SLBC Convenor bank must ensure that their data feeding website/web portal is having a provision for uploading the block wise ACP target data in approved format by LDMs of that state.

Role of Lead District Managers (LDMs):

- LDMs must upload the block wise ACP target of the district on SLBC portal of the state, by 15th April of the starting of the financial year.
- LDMs shall download the block wise information of district for review purpose. The flow chart describing the procedure to be followed in this regard is as follows.

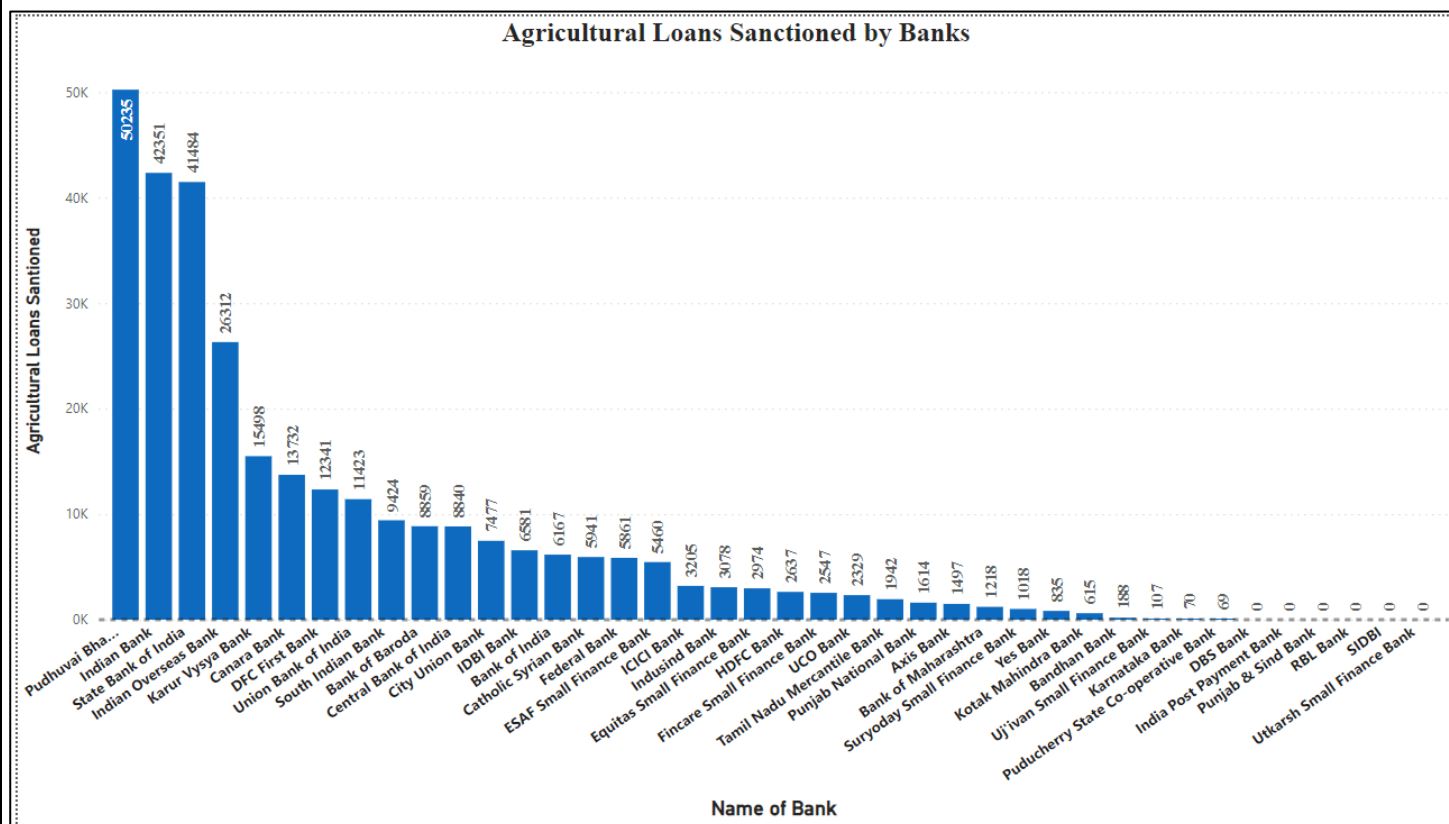
ANALYSIS AND INTERPRETATION :

These are the Data collected from the “Annual Credit Plan” book which is published by the Lead District Manager (LDM) with the help of PLP ratio which is prepared by the District Development Manager (DDM).

These are the ACP target allotted for banks by the Lead bank:

S.No	Name of Bank	Agriculture (PS)			Total MSMEs (PS)			Other Priority Sector			Total Priority Sector		
		Target	Achievement	% of Ach	Target	Achievement	% of Ach	Target	Achievement	% of Ach	Target	Achievement	% of Ach
1	Bank of Baroda	4068	8859	218%	1764	5684	322%	1506	1871	124%	7338	16415	224%
2	Bank of India	4456	6167	138%	2559	5315	208%	2096	543	26%	9112	12025	132%
3	Bank of Maharashtra	347	1218	351%	185	2413	1308%	303	215	71%	835	3846	461%
4	Canara Bank	12489	13732	110%	7231	8873	123%	6234	11110	178%	25954	33715	130%
5	Central Bank of India	2336	8840	378%	756	511	68%	1096	144	13%	4189	9496	227%
6	Indian Bank	41970	42351	101%	12334	12623	102%	16258	25436	156%	70563	80410	114%
7	Indian Overseas Bank	25319	26312	104%	7603	10295	135%	9223	11750	127%	42145	48357	115%
8	Punjab National Bank	2633	1614	61%	2611	387	15%	2292	128	6%	7536	2128	28%
9	Union Bank of India	7636	11423	150%	3828	4163	109%	3025	552	18%	14489	16138	111%
10	UCO Bank	7343	2329	32%	3973	5765	145%	3464	11239	324%	14780	19333	131%
11	State Bank of India	36145	41484	115%	11946	13523	113%	12956	2176	17%	61047	57183	94%
12	Punjab & Sind Bank	0	0	-	152	272	179%	225	34	15%	377	306	81%
13	Axis Bank	2331	1497	64%	1282	8287	646%	1540	275	18%	5153	10059	195%
14	City Union Bank	4636	7477	161%	1996	3383	170%	1683	469	28%	8315	11328	136%
15	Federal Bank	837	5861	700%	1332	2792	210%	601	281	47%	2770	8934	323%
16	HDFC Bank	782	2637	337%	4672	6112	131%	2409	1007	42%	7863	9756	124%
17	ICICI Bank	3503	3205	91%	2175	4222	194%	1876	132	7%	7554	7560	100%
18	IDBI Bank	1499	6581	439%	739	2267	307%	701	60	9%	2939	8909	303%
19	IDFC First Bank	0	12341	-	0	1165	-	0	1633	-	0	15138	-
20	Karur Vysya Bank	4913	15498	315%	2325	3990	172%	1780	60	3%	9018	19549	217%
21	Kotak Mahindra Bank	188	615	328%	802	2606	325%	343	0	0%	1332	3221	242%
22	DBS Bank	3404	0	0%	1402	0	0%	1153	0	0%	5959	0	0%
23	RBL Bank	0	0	-	0	278	-	0	0	-	0	278	-
24	South Indian Bank	773	9424	1219%	810	222	27%	673	11	2%	2256	9657	428%
25	Tamil Nadu Mercantile Bank	1662	1942	117%	898	1862	207%	760	41	5%	3319	3845	116%
26	Bandhan Bank	0	188	-	12	201	1622%	39	2177	5608%	51	2566	5012%
27	Catholic Syrian Bank	320	5941	1858%	184	139	76%	371	0	0%	874	6080	696%
28	Indusind Bank	194	3078	1590%	36	2092	5835%	281	0	0%	511	5170	1013%
29	Yes Bank	200	835	418%	124	1700	1376%	211	46	22%	534	2581	483%
30	Karnataka Bank	380	70	19%	758	38	5%	380	42	11%	1518	150	10%
31	Pudhuvai Bharathiyar Grama Bank	49038	50235	102%	4267	6297	148%	3336	963	29%	56641	57495	102%
32	Equitas Small Finance Bank	426	2974	699%	129	6983	5429%	580	2789	481%	1134	12746	1124%
33	Fincare Small Finance Bank	0	2547	-	0	94	-	0	197	-	0	2838	-
34	Jana Small Finance Bank	21	1111	5299%	36	5113	14108%	70	3122	4460%	127	9345	7347%
35	Suryoday Small Finance Bank	40	1018	2522%	62	0	0%	310	353	114%	412	1370	333%
36	Ujjivan Small Finance Bank	40	107	266%	62	452	732%	310	8600	2776%	412	9159	2223%
37	Utkarsh Small Finance Bank	0	0	-	0	0	-	0	0	-	0	0	-
38	ESAF Small Finance Bank	0	5460	-	0	1302	-	0	578	-	0	7341	-
39	Puducherry State Co-operative Bank	3569	69	2%	2465	0	0%	2365	1080	46%	8399	1148	14%
40	India Post Payment Bank	0	0	-	0	0	-	0	0	-	0	0	-
41	SIDBI	0	0	-	2182	3850	176%	166	0	0%	2349	3850	164%
42	PIPDIC	0	0	-	769	0	0%	386	0	0%	1155	0	0%
	GRAND TOTAL	223500	305040	136%	84460	135270	160%	81000	89113	110%	388960	529423	136%

i) **On the basis of Agricultural loans sanctioned by banks:**

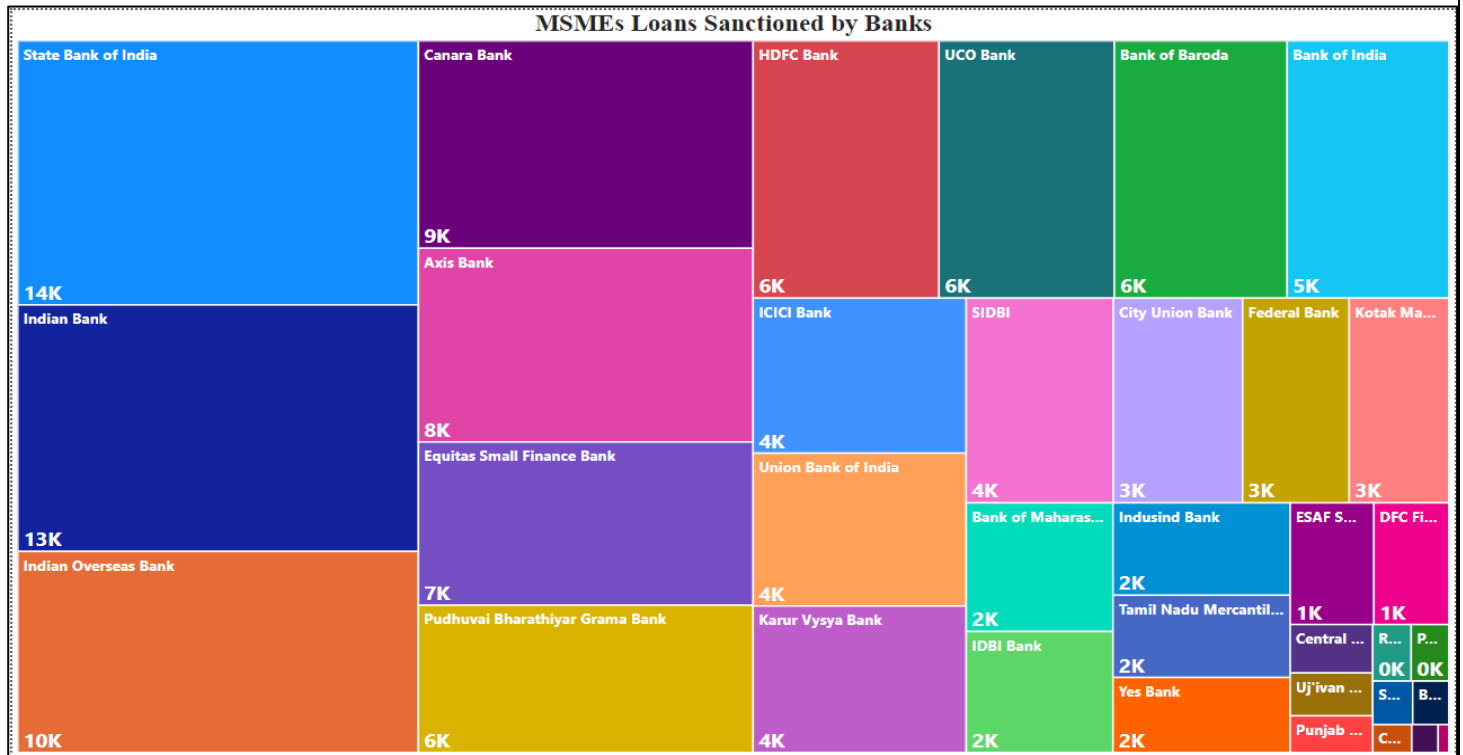


Interpretation:

In the agricultural loans,

- Pudhuvai Bharathiyar Grama Bank have sanctioned a number of 50235 loan applications in the first quarter and obtained the First position.
- Indian Bank have sanctioned a number of 42351 loan applications in the first quarter and obtained the Second position.
- State Bank of India have sanctioned a number of 41484 loan applications in the first quarter and obtained the Third position.
- Most of the Agricultural loans have been sanctioned by the Public sector banks.

ii) On the basis of Agricultural loans sanctioned

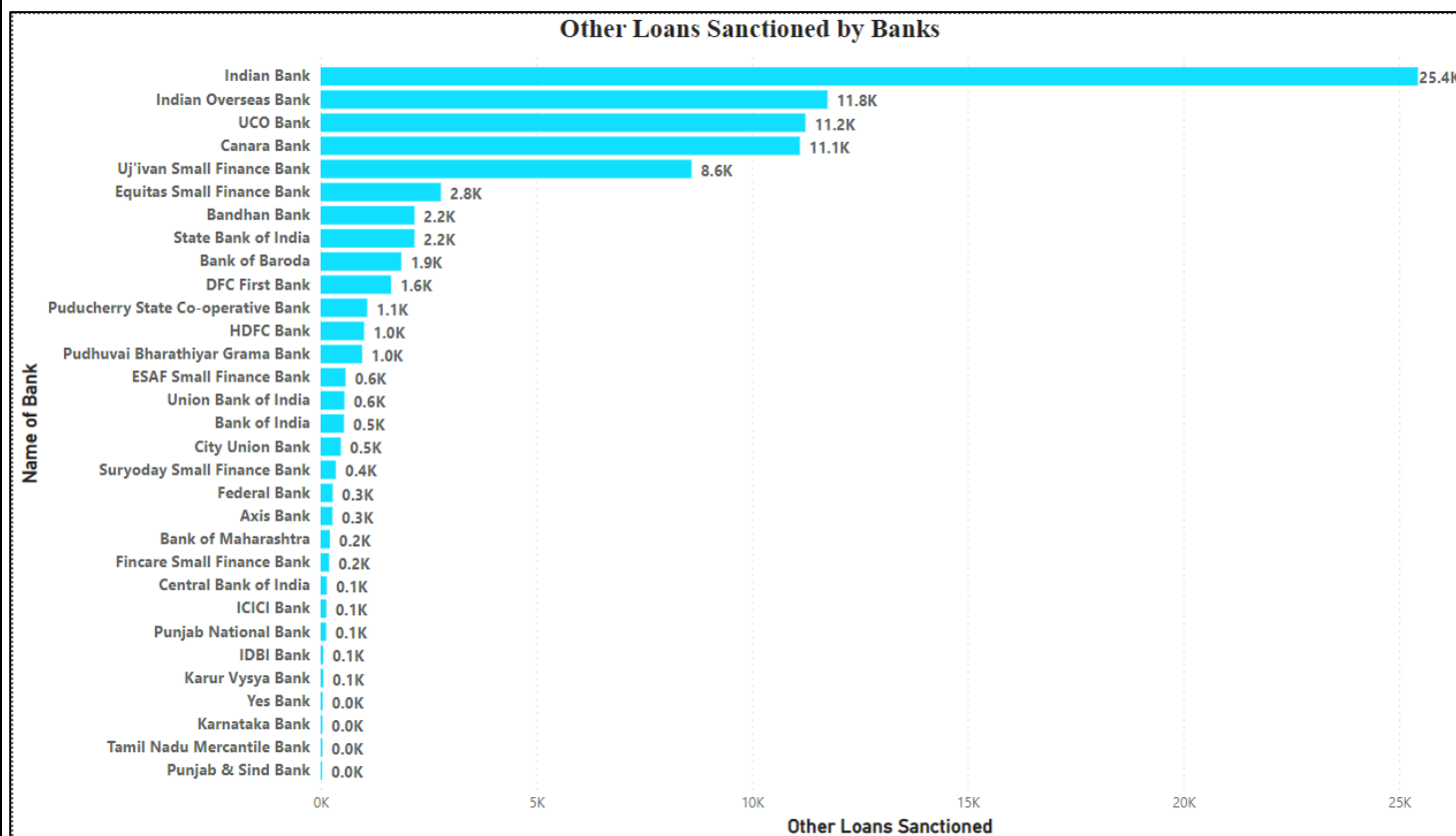


Interpretation:

In the MSME's loans,

- State Bank of India have sanctioned a number of 13523 loan applications in the first quarter and obtained the First position.
- Indian Bank have sanctioned a number of 12623 loan applications in the first quarter and obtained the Second position.
- Indian Overseas Bank have sanctioned a number of 10295 loan applications in the first quarter and obtained the Third position.
- Most of the MSME's loans have been sanctioned by the Public-sector banks.

iii) On the basis of Agricultural loans sanctioned

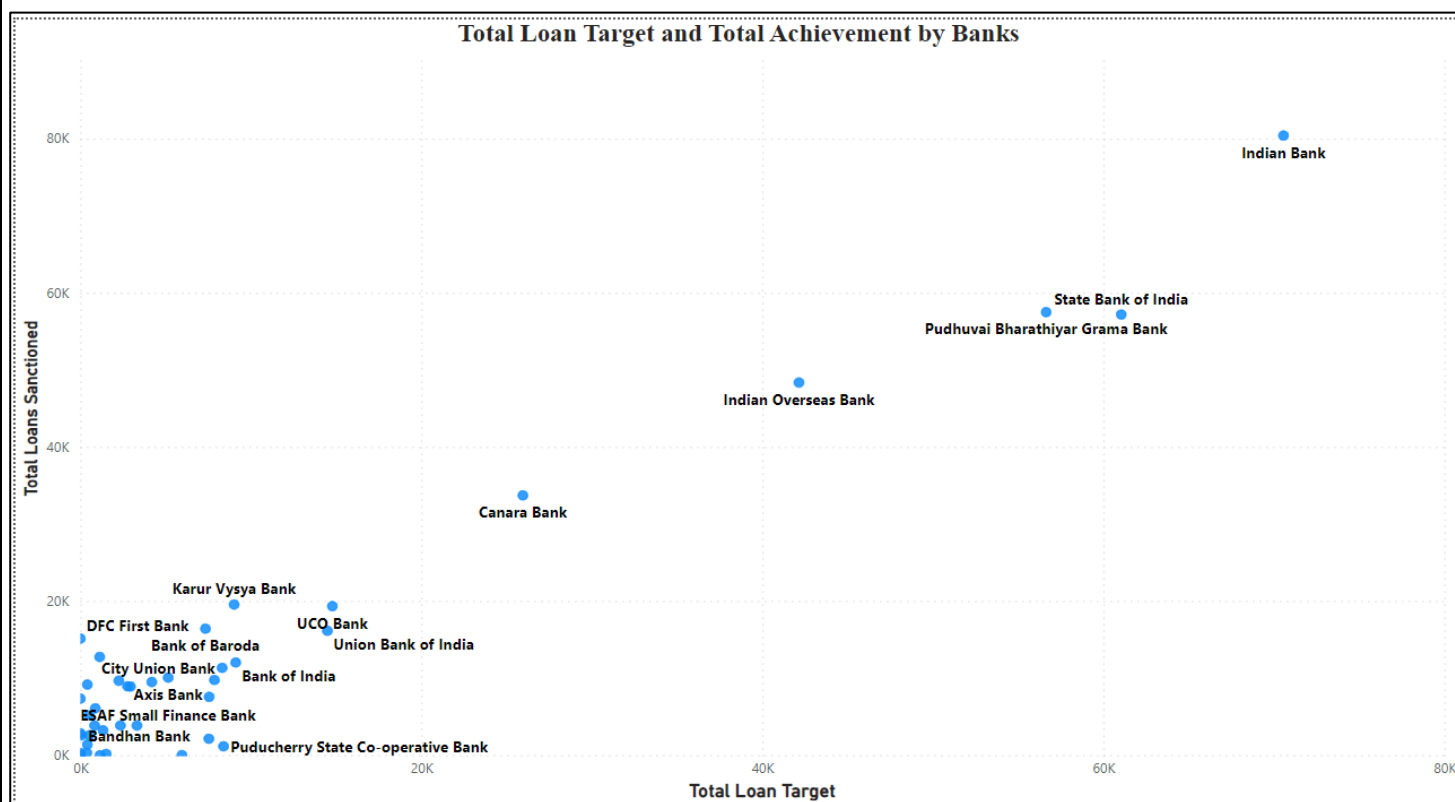


Interpretation:

In the Other loans,

- Indian Bank have sanctioned a number of 25436 loan applications in the first quarter and obtained the First position.
- Indian Overseas Bank have sanctioned a number of 11750 loan applications in the first quarter and obtained the Second position.
- UCO Bank have sanctioned a number of 11239 loan applications in the first quarter and obtained the Third position.
- Most of the Other loans have been sanctioned by the Public-sector and Small Finance banks.

iv) On the basis of Total loans sanctioned vs the Target



Interpretation:

In the total loans sanctioned,

- Indian Bank have sanctioned a number of 80410 from target of 70563 loan applications in the first quarter and obtained the First position.
- State Bank of India have sanctioned a number of 57183 from target of 61047 loan applications in the first quarter and obtained the Second position.
- Pudhuvai Bharathiyar Grama Bank have sanctioned a number of 57495 from target of 56641 loan applications in the first quarter and obtained the Third position.
- As all the Private Banks need to work for making profit, it is normal the public sector and cooperative banks will obtain the major place in sanctioning the rural development loans.

SUGGESTIONS:

- ❖ On my project, I have analysed that why the private sector banks cannot attain the target loan applications. It is because of the customers who are having account in the private banking sectors.
- ❖ The bank can only disburse loans to the needed people. As the customers from the private banks are not interested/ willing to obtain the government sponsored loans, the private bank cannot provide the loans by forcing their customers to attain the target.
- ❖ As from the customer perspective, they cannot open an account in a private bank only to obtain the government sponsored loans.
- ❖ Focus on the unique role of lead banks in promoting financial inclusion. Lead banks are different from other banks in that they are assigned a specific district or region where they are responsible for coordinating the efforts of all financial institutions to promote financial inclusion. This gives them a unique perspective on the challenges and opportunities of financial inclusion in their respective areas.
- ❖ Highlight the impact of lead banks on the lives of individuals and communities. Lead banks have played a significant role in expanding access to banking services and credit for millions of people in rural and underserved areas. This has had a positive impact on their lives and livelihoods, as well as on the overall economic development of their communities.

CONCLUSION:

Lead banks play a vital role in financial inclusion by coordinating the efforts of all credit institutions and the Government to provide adequate banking and credit in rural areas. The Lead Bank Scheme has been instrumental in increasing the flow of credit to agriculture, small scale industries, and other priority sectors in rural and semi-urban areas. It has also helped to expand the reach of banking services to underserved populations, such as women, marginalized communities, and the poor.

In recent years, the Lead Bank Scheme has been further strengthened to align it with the emerging challenges and opportunities in the financial sector. For example, the focus of the Scheme has been shifted from branch expansion to financial inclusion. The Lead banks are now required to develop and implement District Financial Inclusion Plans (DFIPs) to ensure that all sections of society have access to formal financial services.

The Lead Bank Scheme has played a significant role in promoting financial inclusion in India. It has helped to reduce the financial exclusion gap and brought millions of people into the formal financial system. The Scheme is expected to continue to play a vital role in achieving the goal of financial inclusion in India.

REFERENCE:

Annual Credit Plan 2022-23 book.