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LEAD BANK SCHEME: ROLE OF BANK OF MAHARASHTRA



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**ABSTRACT:**

Lead bank works as a consortium leader in the priority sector in invoking Co-operations of other banks and develop agencies for the overall development of the area. Lead bank does not have the monopoly of banking business in the lead districts nor is responsible for its development. According to Reserve bank of India lead bank scheme, some specific area is allotted for working to every lead bank. Bank of Maharashtra has Lead Bank responsibility in six districts of Maharashtra State viz. Aurangabad, Jalna, Nashik, Pune, Satara and Thane. Every year Bank is successful in achieving the targets under Annual Credit Plan with achievement under various sub sectoral targets. There were total 478 bank branches in selected districts. Highest number of branches in Pune districts with 191 branches; followed by Nashik 85 branches, Thane 76 branches, Satara 61 brancehs, Aurangabad 44

branches and Jalna 21 branches.

**KEYWORDS**

*Lead bank works, Co-operations, Lead Bank Scheme (LBS), economic development.*

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### INTRODUCTION:

Lead Bank Scheme (LBS) was evolved as a framework to be more responsive to the needs of the rural economy. The objectives of the scheme cannot be achieved unless rural lending is properly tied to well design programmers of development. This calls for effective co-operation and co-ordination not only between credit institutions but also between the credit institutions on the one hand and the concerned Government and other development agencies on the other. Appropriate forums had to be created where these two agencies can meet periodically to discuss operational issues arising from the implementation of scheme evolved by both Government and the Banks. The primary responsibility of the lead banks is to identify the unbanked centers and take measures for opening branches to reduce the regional imbalances in the banking facilities. They have to prepare district credit plans, consisting of technically feasible and economically viable schemes for the development of the districts. It acts as a link between banking and other developmental activities in the country. It is clear that the Lead Bank has a greater impact on the country's economic development. The scheme has been made successful in providing credit to the weaker sections of the society and promoting coordination among different agencies for the development of the country. Bank has Lead Bank responsibility in six districts of Maharashtra State viz. Aurangabad, Jalna, Nasik, Pune, Satara and Thane. Every year Bank is successful in achieving the targets under Annual Credit Plan with achievement under various sub sectoral targets.

### BANK OF MAHARASHTRA:

Bank of Maharashtra is an Indian bank based in the city of Pune. The bank was established in the year 1935 with an initial authorized capital worth Rs. 10.00 Lacs, although it became operational in the early phase of the next year. The bank got nationalized by the Government of India in the year 1969. With a total number of 1,421 branches located all over India as of April 2009, the bank claims to have the largest number of branches within the state of Maharashtra, among all the Public Sector banks. Commonly known as a common man's bank, Bank of Maharashtra adopts a philosophy of "Technology with personal touch", and follows its motto stating "One Family, One Bank, Bank of Maharashtra". All the branches of Bank of Maharashtra have been fully computerized, with Depository services and Demat facilities being offered at 131 branches as of April 2009. The bank aims at increasing its ATM network from 345 to 500 soon, apart from planning to install Biometric ATMs at some selected branches. Apart from it, introduction of Phone Banking, Internet Banking and Mobile Banking is also on the cards.

### LEAD BANK SCHEME:

In October 1968, the national credit council constituted a study group to suggest organizational framework for implementation of social objectives. After nationalization of banks, Reserve Bank of India constituted another committee of bankers for examine the recommendations and this committee endorsed the area approach and allocation of districts to certain banks and each district to have a lead bank. Reserve bank of India came out with a lead bank scheme in 1969. The main objective of scheme is to reduce the credit gaps and provide adequate banking facilities through area approach. In 1969, Reserve Bank of India declared Bank of Maharashtra as a lead bank among all government

Banks. Lead bank works as a consortium leader in the priority sector in invoking Co-operations of other banks and develop agencies for the overall development of the area. Lead bank does not have the monopoly of banking business in the lead districts nor is responsible for its development. According to Reserve bank of India lead bank scheme, some specific area is allotted for working to every lead bank.

#### Bank Branch Expansion under Lead Bank Scheme:

In the initial years of the LBS, branch expansion in unbanked / under banked areas and credit planning was pursued vigorously but over the years there was a significant slowdown in the process with the result that the total number of rural and semi urban branches in the country has remained almost stagnant since 2001.

Table No. 01:  
Branch expansion of scheduled commercial banks:

Year	No. of rural branches	No. of semi urban branches	Total
1969	1833	3342	5175
1991	35206	11344	46550
2001	32562	14597	47159
2005	32082	15403	47485
2007	30551	16361	46912

Source: Basic Statistics, RBI Report.

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Table No. 02:  
Branches of Bank of Maharashtra in Selected Districts of Maharashtra.

1	Aurangabad	44
2	Jalna	21
3	Nashik	85
4	Pune	191
5	Satara	61
6	Thane	76
	<b>Total:</b>	<b>478</b>

The above Table shows the data about branches of Bank of Maharashtra in selected districts of Maharashtra. The facts known from the above table that there were total 478 bank branches in selected districts. Highest number of branches in Pune districts with 191 branches; followed by Nashik 85 branches, Thane 76 branches, Satara 61 branches, Aurangabad 44 branches and Jalna 21 branches.

#### CONCLUSIONS:

Lead bank works as a consortium leader in the priority sector in invoking Co-operations of other banks and develop agencies for the overall development of the area. Lead bank does not have the monopoly of banking business in the lead districts nor is responsible for its development. According to Reserve bank of India lead bank scheme, some specific area is allotted for working to every lead bank. Bank of Maharashtra has Lead Bank responsibility in six districts of Maharashtra State viz. Aurangabad, Jalna, Nasik, Pune, Satara and Thane. Every year Bank is successful in achieving the targets under Annual Credit Plan with achievement under various sub sectoral targets. There were total 478 bank branches in selected districts. Highest number of branches in Pune districts with 191 branches; followed by Nashik 85 branches, Thane 76 branches, Satara 61 branches, Aurangabad 44 branches and Jalna 21 branches.

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