

## Credit (Lead Bank Scheme)

**Vivek Mishra**  
**RDS College**

- The Lead Bank Scheme was introduced in 1969, to guide commercial, regional, rural and Cooperatives to improve their facilities in rural areas and deliver effective services.
- The Reserve Bank of India on the basis of the study group under the Chairmanship of Prof. D.R. Gadgil and a committee of Bankers headed by F.K.F.Nariman evolved the Lead Bank Scheme.
- A “district credit” plan combined with government schemes is prepared and monitored by the lead bank.
- The effectiveness of the Lead Bank Scheme depends on the dynamism of the District Collectors and the Lead District Managers (LDMs).
- The aim of the scheme is providing adequate banking and credit in rural areas through an ‘service area approach’, with one bank assigned for one area.
- To identify unbanked and under banked centres in districts and to evaluate their physiographic, agro climatic end Socio-economic conditions through economic survey.
- To help in removing regional imbalances through appropriate credit deployment;
- To extend banking facilities to unbanked areas;
- To estimate credit gaps in various sectors of an economy of a district and prepare a credit plan accordingly.
- To identify economically viable and technically feasible schemes.
- To effect structural and procedural changes in banking sector.
- To develop co-operation amongst financial and non-financial institutions, in overall development of the districts.
- To serve as a clearing house for discussions of problems arising out of financing priority sectors.
- The lead bank scheme of the RBI will now apply to metros also. Hitherto it was applicable to all the districts, excluding metropolitan areas, mainly rural areas.
- RBI that Bank of India will be the lead bank for Mumbai, Indian Overseas Bank will be the lead bank for Chennai, while SBI will handle that responsibility for Kolkata and State Bank of Hyderabad for Hyderabad. For Delhi, the responsibility will be shared by SBI, Punjab National Bank, Oriental Bank of Commerce and Canara Bank.