

# **“A STUDY ON PERFORMANCE EVALUATION OF LEAD BANK SCHEME A STUDY WITH SPECIAL REFERENCE TO CANARA BANK LEAD OF SHIMOGA DISTRICT OF KARNATAKA”**

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## **Abstract**

The economy of India is agrarian, planned, mixed, and developing. In all economic and commercial endeavors, the banking sector is essential. It acts as the catalyst for development and progress. 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. Banks today encourage people to save money for the future, playing a significant role in society. Numerous social services are facilitated, raising living standards and promoting national economic development. In India, the banking sector has advanced significantly, particularly during the past three decades, becoming one of the recognised organisations for rural development. Banks offer financing for projects related to agriculture, housing, social infrastructure, industries, education, and power generation. RBI oversees bank regulation in India. State-level banker committee and district- and state-level lead banks. The articles explain role of lead banks and its function in Shimoga District of Karnataka. The study aims at analyzing deposits, advances credit deposit ratio, annual credit plan, priority sector advances provide under the lead bank scheme in Shimoga district.

## **1.INTRODUCTION**

The banking system is the help of any advanced economy. It is one of the imperative money related mainstays of the budgetary division, which assumes a fundamental part in the working of an Economy. It is imperative for the monetary advancement of a nation that it's financing necessities of exchange; industry and agribusiness are met with a higher level of duty and obligation. In this manner, the improvement of a nation is vitally connected with the improvement of saving money. In a cutting- edge economy, banks are to be viewed as not as merchants in cash however as the pioneers of advancement. They assume a critical part in the

mobilization of deposits and disbursement of credit to different parts of the economy. The banking sector mirrors the financial health of the nation. The strength of an economy relies on upon the quality and proficiency of the monetary framework, which thus relies on upon a sound and solvent banking system. A sound banking system framework effectively mobilized investment funds in beneficial parts and solvent guarantees that the bank is equipped for meeting its commitment to the investors. In India, banks are playing a crucial role in the socio-economic progress of the nation after freedom. The banking division is prevailing in India as it records for the greater part the benefits of the financial segment. Indian banks have been experiencing an entrancing stage through fast changes realized by financial segment reforms, which are being executed in a staged way. The present procedure of change ought to be seen as a chance to change over Indian banking into a sound, solid and dynamic framework without imposing any burden on the government. After the advancement of the Indian economy, the Government has declared a number of change measures on the premise of the suggestion of the Narasimham Committee to make the banking sector monetarily feasible and intensely solid. The current worldwide emergency that hit each nation raised the different issue with respect to effectiveness and solvency banking sector framework before approach producers. Presently, the emergency has been practically over, Government of India (GOI) and Reserve Bank of India (RBI) is attempting to draw a few lessons. RBI is rolling out vital improvements in his approach to guarantee value steadiness in the economy

Canara bank is a premier scheduled commercial – public sector bank with 110 years of history. Headquartered in Bengaluru, Karnataka, India, it has a string pan India presence: up to 2016, the bank has additionally extended its domestic presence, with 5964 branches spread over every single topographical section. Keeping client comfort at the bleeding edge, the bank gives a wide cluster of option conveyance stations that incorporate 10394 ATMs, covering and demographic base of 7.63 crore. Setup in 1906 it is one of the most seasoned banks in the nation. The bank has a global footprint. It set up its worldwide division in 1976, to administer the working of its different outside offices, to give obliged push to remote trade business, especially exports and to meet the requirements to NRIs. The bank has 8 branches – one each at London, Hong Kong, Shanghai, Leicester, Kingdom of Bahrain, Johannesburg and New York and DIFC (Dubai) and a delegate office at Sharjah, UAE and a joint venture in Russia. The bank is perceived as a main lending financial aggregate in India, with upwards of 9 auxiliaries/supported foundations/joint ventures in India and abroad. Canara bank is the lead bank of the Shivamogga District. The district has 1530 villages of which 1443 are inhabited villages. The population of the district is 17.55 lakhs. The essential significance of Lead bank scheme is that individual banks ought to receive specific regions for intensive improvements. The lead bank acts as a leader for coordinating the efforts of all credit foundations in the allocated regions to expand the stream of

credit to framing, small- scale businesses, and other economic activities.

The Lead Bank Scheme was started in 1969 with pided the Commercial Banks, Regional Rural Banks and Co-agents for making their exercises more viable. They are relied upon to cut the nearby issues in evaluating and meeting the credit needs of the general population having a place with weaker segments. Under this plan, a bank is to be assigned as a lead bank with a specific end goal to accept the lead part in giving coordinated managing an account office in the region. The Lead Bank Scheme therefore, is relied upon to bear different duties like, directing periodical studies, readiness of credit arrangements, and monitor banking sector progress

## 2. REVIEW OF LITERATURE

1. **S. Sai Geetha and S.T. Surulive (2017)** has reported that decision-making policy is the important key factor for the financial management in modern thinking. According to the authors. In this article authors have opined that financial soundness of BHEL is automatically affected by the increasing capacity of production.

2. **Shanthi R & M. Anandan (2017)** had undertaken a Financial Performance of a Co-operative bank in Tamil Nadu and concluded that the return on total assets is low during the study period, which shows that the management is not utilizing funds effectively. In this study the researchers have taken only net profit as a variable for the purpose of the study.

## 3. NEED FOR THE STUDY

An evaluation of the study reveals to know how the RBI and other financial institutional schemes are segregated. It will also get to know about the program and performance of the lead bank in Shimoga. This study also helps to know and understand the financial inclusion of the district under priority sector and no priority sector.

The Financial performance recognizes the financial strengths and weakness of the firm by appropriately setting up connections between the things of the balance and P&L Account. Financial analysts identify the firm's operation and productivity performance, profitability, solvency ratio, working capital performance, fixed assets performance, fund flow performance and social performance. This study helps for lead bank to take managerial decisions regarding different elements of financial performance of the bank.

## 4. OBJECTIVES OF THE STUDY

- To separate and improvement of advances of lead bank.
- To analysis the Financial performance of the bank
- To understand the working banking industry in general and Canara Bank in particular.
- To analyze the financial performance based of different definite variable.

- To offer important recommendations and conclusions based on the discoveries of the review.

## 5. SCOPE OF THE STUDY

This survey is fundamentally bound to the lead bank in Shimoga area. This review assessed on the program and execution of lead bank for the priority and non-priority sectors.

The study is based on the report of the bank such as performance highlighted by the bank, reports based on the sector wise. Reference period: A Period of 8 financial years: 2008-09 to 2015-16. The study was carried out for the period of ten weeks (02/01/2018 to 10/03/2018).

## 6. DATA COLLECTION

**Primary Data:** The significant sources of essential primary sources of information are: Manager, Staff members

**Secondary Data:** The major sources of secondary information are:

- a) District Credit Plan of the bank
- b) Annual report of the bank
- c) Books
- d) Articles and research papers
- e) Internet

## 7. RESEARCH DESIGN

This study is a descriptive research. The study describes Evaluation of Program and Performance of Lead Bank. Past data collected from the company website, annual reports and analysed using different statistical tools. Data analysis mainly describes Evaluation of Program and Performance of Lead Bank i.e. **Canara Bank**.

## 8. DATA ANALYSIS AND INTERPRETATION

As per the goals of the assessment, the information gathered from primary and secondary sources was examined and interpreted. The analysis has been done at two levels, beginning from the macro level i.e., the corporate level and streamlining to the micro level i.e., the circle level. Thus the analysis comprises of:

**1) Financial performance of leading public sector banks at the Regional level.**

**2) Year wise analysis of selected variable for the study period.**

**Financial Performance of Canara Bank at the Corporate Level.**

**Table 7.1 Financial Performance of Canara Bank at the Corporate Level.**

Performance in India for March 2020	Revenue: Rs.44,022.13 crore
Net income: Rs. 2,812.82 crore	Total assets: Rs.552,960.78 crore
Share price:	BSE: 532483, NSE: CANBK

**Measurement of Dependent Variables in Horizontal way by considering the Parameters of the certain Banks**

**Table 7.2 Absolute Parameters**

Sl. No	Parameters
I	Deposits
II	Advances
III	Total Business
IV	Total Agricultural Advances
V	Total SSI Advances
VI	Total OPS Advances
VII	Total NPS Advances
VIII	Total TPS Advances

## 1.DEPOSITS

**Table 7.3 the Mean and Standard Deviation values of the banks with respect to Deposits**

Bank	Mean	Std. Deviation
Canara Bank	135684.12	60564.54
State Bank of Mysore	145472.50	57518.92
Corporation Bank	56428.75	25350.94
Syndicate Bank	55823.75	21597.93
Vijaya Bank	33036.00	13778.06
State Bank of India	29701.50	13752.15
Indian Bank	9203.12	3041.01
<b>Total</b>	<b>66478.53</b>	<b>59586.47</b>

**Source: Primary Data**

### Interpretation:

From the above table it can be analyzed that the values of mean and standard deviation are varies from bank to bank. SBM Bank stands in first place as the deposits of the bank is high when compare to others. The overall mean is 66478.53 with a standard deviation 59586.47.

## 2. ADVANCES

**Table 7.4 The Mean and Standard Deviation values of the banks with respect to Advances**

Bank	Mean	Std. Deviation
Canara Bank	104254.12	38782.26
State Bank of Mysore	69387.00	20670.49
Corporation Bank	33316.75	14468.68
Syndicate Bank	37801.50	8487.89
Vijaya Bank	17592.37	8635.16
State Bank of India	26678.62	7314.36
Indian Bank	3609.50	849.30
<b>Total</b>	<b>41805.69</b>	<b>36324.82</b>

**Source: Primary Data**

### Interpretation:

From the above table it can be analyzed that the value of mean and SD are varies. Canara Bank stands in first place as the advances of the bank is high when compare to others as mean is 104254.12 and the advances provided by the bank is more. The overall mean is 41805.69 with a SD 36324.82. Also, the mean and SD is having high difference but at one point is much more closer (i.e. Indian bank)

## 3. TOTAL BUSINESS

**Table 7.5 the Mean and Standard Deviation values of the banks with respect to Total Business**

Bank	Mean	Std. Deviation
Canara Bank	239938.25	99121.97
State Bank of Mysore	214859.50	77722.05
Corporation Bank	89745.50	39575.88
Syndicate Bank	93625.25	30029.88
Vijaya Bank	50628.37	22220.88
State Bank of India	56380.12	20871.43
Indian Bank	12812.62	3806.09
<b>Total</b>	<b>108284.23</b>	<b>94388.57</b>

**Sources: Primary Data**

**Interpretation:**

From the above table it can be analyzed that the value of mean and standard deviation is varies from bank to bank. Canara bank stands first position as they have the highest total business i.e.417160 in the year 2015-16 so the mean of Canara bank is 239938.25.

**4. AGICUTLURAL ADVANCES**

**Table 7.6 The Mean and Standard Deviation values of the banks with respect to Agricultural Advances**

Bank	Mean	Std. Deviation
Canara Bank	53768.75	19272.19
State Bank of Mysore	28324.50	9912.57
Corporation Bank	17512.12	7165.63
Syndicate Bank	13547.25	2232.99
Vijaya Bank	7025.25	2145.03
State Bank of India	6597.00	1155.06
Indian Bank	1089.75	316.19
<b>Total</b>	<b>18266.37</b>	<b>18713.28</b>

**Interpretation:**

From the above table it can be analysed that the value of mean and standard deviation is varies from bank to bank. The mean is 53768.75 because the Canara bank mainly concentrates on the agricultural activities when compare to other banks. We can also observe that other banks average is less. Especially the Indian bank, they will not concentrate more on agriculture and in during the year their advances are 596.

## 5. SSI

**Table 7.7 The Mean and Standard Deviation values of the banks with respect to SSI**

Bank	Mean	Std. Deviation
Canara Bank	21838.87	12857.00
State Bank of Mysore	10029.62	4867.94
Corporation Bank	4950.12	3839.25
Syndicate Bank	5547.75	3592.25
Vijaya Bank	3856.00	2664.57
State Bank of India	4138.62	2023.98
Indian Bank	398.87	200.78
<b>Total</b>	<b>7251.41</b>	<b>8496.26</b>

**Source: Primary Data**

### Interpretation:

From the above table it can be analyzed that the value of mean and standard deviation is varies from bank to bank. Here the bank provides SSI to the start-up firms and Canara bank involves more in this activity. The overall mean of the SSI is 7251.41 and SD is 8496.26. As per the mean of all banks Canara bank again stands first position.

## 6. OPS

**Table 7.8 Mean and Standard Deviation values of the banks with respect to OPS**

Bank	Mean	Std. Deviation
Canara Bank	13790.00	3586.28
State Bank of Mysore	14796.75	4747.59
Corporation Bank	6201.12	2042.13
Syndicate Bank	9364.25	878.69
Vijaya Bank	4585.87	2617.69
State Bank of India	5725.62	1884.57
Indian Bank	1209.87	268.52
<b>Total</b>	<b>7953.35</b>	<b>5287.43</b>

**Source: Primary Data**



**Interpretation:**

From the above table it can be analyzed that the value of mean and standard deviation is varies from bank to bank. The overall mean is 7953.35 and SD is 5287.43. The SBM stands first position in OPS as the cash flow is more and liquidity is high when compare to others.

**7. NON-PRIORITY SECTOR****Table 7.9 The Mean and Standard Deviation values of the banks with respect to NPS**

Bank	Mean	Std. Deviation
Canara Bank	6895.00	7010.27
State Bank of Mysore	5765.37	6076.63
Corporation Bank	2408.87	2214.87
Syndicate Bank	4644.75	3917.14
Vijaya Bank	588.25	496.78
State Bank of India	4379.62	3829.13
Indian Bank	325.62	311.80
<b>Total</b>	<b>3572.50</b>	<b>4586.31</b>

**Source: Primary Data**

**Interpretation:**

From the above table it can be analyzed that the value of mean and standard deviation is varies from bank to bank. Again the Canara banks' means is high i.e.6895 and the SD is 7010.27.

**8. TOTAL PRIORIY****Table 7.10 The Mean and Standard Deviation values of the banks with respect to Total Priority**

Bank	Mean	Std. Deviation
Canara Bank	89397.62	33592.65
State Bank of Mysore	51900.87	12798.63
Corporation Bank	28663.37	12865.76
Syndicate Bank	28459.25	5569.32
Vijaya Bank	15467.12	6088.71
State Bank of India	16461.25	3888.36
Indian Bank	2767.37	674.81
<b>Total</b>	<b>33302.41</b>	<b>30559.49</b>

**Source: Primary Data****Interpretation:**

From the above table it can be analyzed that the value of mean and standard deviation is varies from bank to bank. The priority sector which gives more advantages to agricultural and rural people. The total priority sector overall mean is 33302.41 and SD is 30559.49. As the Canara bank provides more concentration on rural and agricultural sector. So the Canara bank stands in first position by mean of 89397.62 and SD of 33592.65

**9. TESTING OF HYPOTHESIS**

The growth of variables is significantly differing during the study period in order to test the tentative research question the following hypothesis is formulated

**H10:** There Is No Significant Difference Associated Among the Growth of Variables during the Study Period

**H1A:** There Is a Significant Difference Associated among the Growth of Variables during the Study Period to test the above stated hypothesis based on the nature of data which is in categorical manner the one way ANOVAs with significant value of 0.05 is adopted and the results are shown below.

***ANOVAs results obtained by using SPSS***

Sources	Sum of squares	DF	Mean square	F	Sig.
Between groups	37886190656.50	7	5412312950.929	1.651	.144
Within groups	157393941629.42	48	3279040450.613		
total	195280132285.92	55			

The growth of variables during the study period is tested by using one way ANOVAs with significant value of  $p = 0.05$ . The mean square value between the variables is 541232950.929 and the mean squares within the variables are 3279040450.613. The significant value of alpha for the calculated period 0.144 which is higher than  $p$  value of 0.05 hence the formulated hypothesis is accepted hence, it can be concluded that there is a significant difference associated among the growth of variables during the study period.

## 10. FINDINGS

### 1) DEPOSITS

- SBM Bank stands in first place as the deposits of the bank is high when compare to others.
- The descriptive statistics table reveals the data that the overall mean is 66478.53 with a standard deviation of 59586.47
- There is a significant different is growth of deposits during the study period.

### 2) ADVANCES

- Canara Bank stands in first place as the advances of the bank is high when compare to others as mean is 104254.12 and the advances provided by the bank is more.
- The descriptive statistics table reveals the data that the overall mean is 41805.69 with a standard deviation of 36324.82.
- Also, the mean and SD is having high difference but at one point is much more closer (i.e. In Indian bank)
- There is a significant different is growth of advances during the study period.

### 3) TOTAL BUSINESS

- Canara bank stands first position as they have the highest total business i.e.417160 in the year 2015-16 so the mean of Canara bank is 239938.25
- The descriptive statistics table reveals the data that the overall mean is 108284.23 with a standard deviation of 94388.57
- There is a significant different is growth of total business during the study period.

### 4) AGICUTLURAL ADVANCES

- The mean of Canara bank is 53768.75 because the Canara bank mainly concentrates on the agricultural activities when compare to other banks.
- We can also observe that other banks average is less. Especially the Indian bank, they will not concentrate more on agriculture and in during the year their advances are 596.
- The descriptive statistics table reveals the data that the overall mean is 18266.37 with a standard deviation of 18713.28
- There is a significant different is growth of agricultural advances during the study period.

**5) SSI**

- Here the bank provides SSI to the start-up firms and Canara bank involves more in this activity.
- The descriptive statistics table reveals the data that the overall mean of the SSI is 7251.41 with a standard deviation of 8496.26.
- As per the mean of all banks Canara bank again stands first position.
- There is a significant different is growth of SSI during the study period.

**6) OPS**

- The descriptive statistics table reveals the data that the overall mean is 7953.35 with a standard deviation of 5287.43.
- The SBM stands first position in OPS as the cash flow is more and liquidity is high when compare to others.
- There is a significant different is growth of OPS during the study period.

**7) NON-PRIORITY SECTOR**

- Canara banks' means is high i.e. 6895 and the SD is 7010.27.
- The descriptive statistics table reveals the data that the overall mean is 3572.50 with a standard deviation of 4586.31
- There is a significant different is growth of non-priority sector during the study period

**8) TOTAL PRIORIY**

- The priority sector which gives more advantages to agricultural and rural people.
- The descriptive statistics table reveals the data that the overall mean is 33302.41 with a standard deviation of 30559.49.
- As the Canara bank provides more concentration on rural and agricultural sector. So the Canara bank stands in first position by mean of 89397.62 and SD of 33592.65
- There is a significant different is growth of total priority sector during the study period.

**11. Suggestions**

Based on the findings and observation, suggestions are presented as below:

- 1) Canara bank remains at first position regarding market share in Shimoga circle. It is recommended that the bank ought to take exceptionally viable measure to hold the market share and take innovative techniques to gain the market share in this competitive environment.

- 2) Growth in SBM amid the review time frame is directly high when contrast with every single other bank. Consequently it is recommended that the bank ought to concentrate on creating new deposits from rural region and urban region which in turn to help the people to get financial advantages.
- 3) Advances forms a prime asset of the organization during the study period it is witnessed that the advances grown at a decent rate it is suggested that bank should focus on lending advances keeping the stipulated norms of the central bank.
- 4) The bank should venture more forcefully in Para-banking activities to increase its net profitability. The bank is a long ways behind its companions of comparative size in drawing from this wellspring of income.
- 5) There was a reduction from 2009 - 2013 and thereafter it was nil in the non priority sector due to the loss of certain things happened in this sector.
- 6) However, the circle business growth has been consistent since then. However, there was a huge growth in advances, deposits, OPS, SSI and others. The overall business of the bank leads to gain in market share in the region.

## 12. CONCLUSION

Canara bank shows a sound financial health as evident from the income earned, the total business of the bank and its endeavors to control its expenditure and following the stipulation imposed by RBI. Be that as it may, the bank is exceptionally traditionalist in its approach of doing business, because of its extreme dependence on deposits. The bank is presently financially rebuilding itself to maintain its long term profitability, which is apparent from a significant increase of more than 10% in its share of secured advances in one year. Further, the bank has possessed the capacity to cut down its expenses of borrowings by 2.8% in one year, which is very important. The recent directions by the high court to Canara bank to acquire Amanth Co-Operative Bank, Bangalore strengthens the strong image that the bank is getting a chargeout of. For the most part, the PSUs are notorious for high employee costs and employees' low profitability. However, Canara bank has possessed to maintain the low wage ratio and highest business peremployee as compared with different banks. The bank intends to increase its profitability by taking suitable measures in the following area: ' Increase in number of branches and ATM's in the rural and semi urban area Aggressive growth rate in priority sector in annual credit plan for the year 2015-16 which is 92% of target. ' The deposits of all banks put to together increased by 12.86% and the advances has alsoincreased by 16.52% ' Credit deposit ratio of the district increased marginally to 67% ' Rural Self Employment Training Institute in the district managed by the lead bank ( Canarabank)

### 13. REFERENCE

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