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**A STUDY WITH REFERENCE TO PRIORITY SECTOR
LENDING IN THRISSUR REGION BY SOUTH INDIAN BANK**

by
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(2014-31-117)

MAJOR PROJECT REPORT

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Faculty of Agriculture

Kerala Agricultural University



COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT

VELLANIKKARA, THRISSUR-680656

KERALA, INDIA

Declaration

2016

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Declaration

DECLARATION

I hereby declare that this project report entitled "A STUDY WITH REFERENCE TO PRIORITY SECTOR LENDING IN THRISSUR REGION BY SOUTH INDIAN BANK " is a bonafide record of project work done by me during the course of project and that the report has not previously formed the basis for the award to us of any degree, diploma, associateship, fellowship or other similar title of any other University or Society.

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Certified that this project report entitled "**A STUDY WITH REFERENCE TO PRIORITY SECTOR LENDING IN THRISSUR REGION BY SOUTH INDIAN BANK**" is a record of Major project work done by Mr. Kailas. P. K under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship or associateship to him

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A word of apology to all those I have not mentioned in person. I am solely responsible for the views expressed here or for any errors therein.

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A handwritten signature in black ink, appearing to read 'Kailas', with a horizontal line underneath it.

Kailas.P.K

CONTENTS

Chapter No	Title	Page No
1	Design of the Study ...	1-4
2	Review of Literature	5-10
3	South Indian Bank- A Profile	11-24
4	Priority Sector Lending in India- A Theoretical Framework	25-34
5	Priority Sector Lending- An Analysis	35-67
6	Summary of Findings and Suggestions	68-70
	Bibliography	

LIST OF TABLES

Table No	Title	Page No.
5.1	Collateral security norms under priority sector	/// 35
5.2	Composition of Total priority Sector Advances and Non PSL advances	36
5.3	Total Agricultural Loans of SIB in Thrissur Region from 2011-12 to 2015-16	37
5.4	Loans to Small Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16	38
5.5	Loans to Retail Trade of SIB in Thrissur Region from 2011-12 to 2015-16	39
5.6	Loan to Medium Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16	40
5.7	Loans to Consumption of SIB in Thrissur Region from 2011-12 to 2015-16	41
5.8	Educational Loans of SIB in Thrissur Region from 2011-12 to 2015-16	42
5.9	Housing loans of SIB in Thrissur Region from 2011-12 to 2015-16	43
5.10	Loans to NGO, SHG, Micro Credit of SIB in Thrissur Region from 2011-12 to 2015-16	44
5.11	Loans to Social Infrastructure of SIB in Thrissur Region from 2011-12 to 2015-16	45
5.12	Loans to Other Priority of SIB in Thrissur Region from 2011-12 to 2015-16	46
5.13	Agricultural Loans to Total Priority Sector Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	47

5.14	Loans to Small Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	48
5.15	Loans to Retail Trade to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	49
5.16	Loans to Medium Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	50
5.17	Loans to Consumption to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	51
5.18	Educational Loans to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	52
5.19	Housing loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	53
5.20	Loans to NGO, SHG, Micro Credit to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	54
5.21	Loans Social infrastructure to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	55
5.22	Other Priority Sector Loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	56
5.23	Total Priority Sector Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	57
5.24	Agricultural Loans to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	58
5.25	Loans to Small Enterprises to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	59

5.26	Loans to Retail Trade to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	60
5.27	Loans to Medium Enterprises to Total Advances ratio of SIB in Thrissur Region from 2011-12 to 2015-16	61
5.28	Loans to Consumption to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	62
5.29	Educational Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	63
5.30	Housing loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	64
5.31	Loans to NGO, SHG, Micro credit to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	65
5.32	Social infrastructure to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	66
5.33	Other priority Advances to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	67

LIST OF FIGURES

Figure No	Figures	Page No.
5.1	Composition of Total priority Sector Advances and Non PSL advances	36
5.2	Total Agricultural Loans of SIB in Thrissur Region from 2011-12 to 2015-16	37
5.3	Loans to Small Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16	38
5.4	Loans to Retail Trade of SIB in Thrissur Region from 2011-12 to 2015-16	39
5.5	Loan to Medium Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16	40
5.6	Loans to Consumption of SIB in Thrissur Region from 2011-12 to 2015-16	41
5.7	Educational Loans of SIB in Thrissur Region from 2011-12 to 2015-16	42
5.8	Housing loans of SIB in Thrissur Region from 2011-12 to 2015-16	43
5.9	Loans to NGO, SHG, Micro Credit of SIB in Thrissur Region from 2011-12 to 2015-16	44
5.10	Loans to Social Infrastructure of SIB in Thrissur Region from 2011-12 to 2015-16	45
5.11	Loans to Other Priority of SIB in Thrissur Region from 2011-12 to 2015-16	46
5.12	Agricultural Loans to Total Priority Sector Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	47
5.13	Loans to Small Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	48

5.14	Loans to Retail Trade to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	49
5.15	Loans to Medium Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	50 ///
5.16	Loans to Consumption to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	51
5.17	Educational Loans to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	52
5.18	Housing loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	53
5.19	Loans to NGO, SHG, Micro Credit to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	54
5.20	Loans Social infrastructure to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	55
5.21	Other Priority Sector Loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	56
5.22	Total Priority Sector Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	57
5.23	Agricultural Loans to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	58
5.24	Loans to Small Enterprises to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	59

5.25	Loans to Retail Trade to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	60
5.26	Loans to Medium Enterprises to Total Advances ratio of SIB in Thrissur Region from 2011-12 to 2015-16	61 ///
5.27	Loans to Consumption to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	62
5.28	Educational Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	63
5.29	Housing loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	64
5.30	Loans to NGO, SHG, Micro credit to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	65
5.31	Social infrastructure to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	66
5.32	Other priority Advances to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16	67

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Chapter - 1

Design of the Study

Chapter -1

DESIGN OF THE STUDY

1.1 Introduction

Priority Sector refers to those sectors of the economy which may not get timely and adequate credit in the absence of this special dispensation. Priority Sector Lending is an important role given by the Reserve Bank of India (RBI) to the banks for providing a specified portion of the bank lending to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. This is essentially meant for an all round development of the economy as opposed to focusing only on the financial sector. ///

The concept of priority sector was evolved in the late sixties in order to focus attention on the need to ensure adequate credit facilities to certain neglected sectors of the economy particularly in the rural areas where banks had hardly made their presence felt.

The involvement of banks in priority sector lending has grown considerably since then along with the extension of the branch network of banks into the rural areas with special emphasis on opening branches in unbanked areas.

With a view to ensuring flow of credit to the neglected sectors like agriculture and small scale industries, the concept of priority sector lending was evolved and commercial banks were advised to grant at least 40 per cent of their total advances to borrowers in the priority sectors within certain limit.

Categories under priority sector

- i. Agriculture
- ii. Micro, Small and Medium Enterprises
- iii. Export Credit
- iv. Education
- v. Housing
- vi. Social Infrastructure
- vii. Renewable Energy
- viii. Others

In case of foreign banks operating in India, their advances to Export Sector are treated as priority sector advances. This criterion is not applicable to public sector banks. Since foreign banks are not allowed to open branches in rural/semi-urban areas, they are not in a position to lend to rural sector. Hence, this relaxation.

Over time the definition of priority sector advances has been widened to cover commercial banks' investment in special bonds issued by certain financial institutions like National Housing Bank for exclusive financing of priority sector.

The achievement of the set goals under priority sector lending has been pursued vigorously with banks by RBI. As a result of these efforts the public sector banks increased their advances to the priority sector. Currently priority sector advances by commercial banks have crossed Rs.1,00,000 crore.

The efforts of public sector banks in rural development through priority sector loans are notable and admirable. It is one of the great achievements of Indian Banking system and nationalization of banks.

1.2 Statement of the problem

Agriculture is a matter of sustainability for every economy particularly developing economy like India. Similarly role of small scale sector is highly critical for the growth of our economy. Proper support and financial assistance is a must for growth and development of both of these sectors. For extending financial assistance to farmers and new entrepreneurs the banks have a vital role to play. Banks in India irrespective of the sector they belong to are showing relatively better performance in promotion of Agriculture. This is often due to the proper adherence of policies designed by the central bank of the country.

The initiation of finance reforms in the country during the early 1990's plays an important role behind the changing attitude of banks towards credit policy. One of the major objectives of banking sector reforms has to enhance efficiency and productivity through enhanced competition. Thus share of Indian private sector banks, including new generation banks in the total income and assets of banking system have improved considerably. Entire banking system of the country now attuned to the market consequences of their activities. Now banks are resorted to narrow, safe banking and are not proactive in lending to new emerging needs in agriculture, industry and other sectors.

RBI insisted that all commercial banks irrespective of their sector should lend at least 40 per cent of the total advances to priority sector. But there is a concern that whether the banks across the sectors are taken proper measures to follow this rule while performing their lending function. South Indian Bank, a leading private sector bank in India design many innovative schemes in accordance with the measures stipulated by RBI. So this study is intended to understand the priority sector lending function of South Indian Bank.

1.3 Objective of the study

1. To analyze the trend and pattern of priority sector lending by South Indian Bank in Thrissur region.

1.4 Methodology of the study

The study is analytical in nature. Following methodology has been adopted to study the Priority Sector Lending in South Indian Bank in Thrissur region.

1.4.1 Data collection

The study was based on both primary data and secondary data. Primary data was collected using personal Interview. Secondary data was collected from official sources of SIB. The data were covered for a period of 5 years from 2011-12 to 2015-16 as the categories under priority sector and norms has been changed by RBI during these years and only recent changes have been taken under this study. ...

1.4.2 Variables under study

1. Total Advances
2. Total Priority Sector Advances
3. Agriculture Loans
4. Loans for Micro, Small and Medium Enterprises
5. Export Credit Loans
6. Educational Loans
7. Housing loans
8. Loans for Social Infrastructure
9. Loans for Renewable Energy
10. Loans for other weaker sections

1.4.3 Tools used for analysis

Ratio analysis and Growth Index were computed for projecting the trend in movement of variables under study.

1.4.3.1 Major ratios:

1. Total Priority Sector Advances to Total advances Ratio
2. Agriculture Loans to Total Priority Sector Advances Ratio
3. Loans for Micro, Small and Medium Enterprises to Total Priority Sector Advances Ratio
4. Export Credit Loans to Total Priority Sector Advances Ratio
5. Educational Loans to Total Priority Sector Advances Ratio
6. Housing loans to Total Priority Sector Advances Ratio
7. Loans for Social Infrastructure to Total Priority Sector Advances Ratio
8. Loans for Renewable Energy to Total Priority Sector Advances Ratio
9. Loans for other weaker sections to Total Priority Sector Advances Ratio
10. Agriculture Loans to Total advances Ratio
11. Loans for Micro, Small and Medium Enterprises to Total advances Ratio
12. Export Credit Loans to Total advances Ratio
13. Educational Loans to Total advances Ratio

- 14. Housing loans to Total advances Ratio
- 15. Loans for Social Infrastructure to Total advances Ratio
- 16. Loans for Renewable Energy to Total advances Ratio
- 17. Loans for other weaker sections to Total advances Ratio

1.5 Scope of the study

The study was intended to analyze the Agriculture and other lending in Priority sector by South Indian Bank in Thrissur Region and the analysis of data is confined to the last 5 years performance. The study will be benefited to the bank as they can clearly understand the status of priority sector lending in Thrissur region.

1.6 Limitations of the study

1. Due to confidentiality some of the data has not been disclosed by the bank.
2. The study is limited to Thrissur region. Therefore the inferences and findings arrived at is difficult to generalize.
3. The data were covered for a period of 5 years as the categories under priority sector and norms has been changed by RBI during these years and only recent changes will be taken under this study

1.8 Chapterisation

The study has been designed into the following chapters:

Chapter - 1	--	Design of the Study
Chapter - 2	--	Review of Literature
Chapter - 3	--	Priority sector Lending in India – A Theoretical Framework
Chapter - 4	--	South Indian Bank- A Profile
Chapter - 5	--	Priority sector Lending – An Analysis
Chapter - 6	--	Summary of Findings and Suggestions

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Chapter - 2

Review of Literature

Chapter - 2

REVIEW OF LITERATURE

The primary objective of social control and nationalisation is to create a better alignment of the commercial banking system to meet the needs of the economy. It is the study of the banks to see that credit flows into channels, which are most productive and most helpful to our growth and development. To promote the welfare of the people who are socially and economically backward, the concept of priority sector lending was evolved.

Quantitative targets were set for lending to priority sector and separate sub targets were also set for lending to agriculture and weaker sections of the society. As a result, lending to the borrowers in priority sectors have increased substantially. Increased flow of credit to the different sectors assisted the developmental activities and thereby expanded the income as well as the standard of living of the people.

Several studies on this subject in a restricted sense have been undertaken by particular bank/group of banks, individuals and organizations. Numbers of Committees appointed by the Government of India and RBI have also studied the banking problems of the country. Reviews of such available literature are prescribed below.

Ojha (1987) the then Deputy Governor of RBI inaugurating a seminar at Sukhadia University, Udaipur pointed out that over dues of bank loans by agriculture, SSI, DRI and other priority sector borrowers affect the ability of the banking systems to recycle the credit. So he urged the banks to make conscious efforts to increase the quality of loan portfolio through proper appraisal of proposal and effective post disbursement monitoring.

Ramachandra Rao (1987) strongly proposed for the redefinition of priority sector. Priority sector advances at low rates of interest should be given only to the weaker sections and not to the affluent under the label of priority sector. This will help the banks to improve monitoring and supervision of these advances, the impact of these advances on the weaker sections and their own profitability.

Economic Research Department of the State Bank of India (1987) conducted a study to observe the impact of bank credit on weaker sections in Kerala. The study revealed that bank loans enabled the borrowers to become self-employed businessman or artisans whereas

previously they were mere wage earners. The utilization of bank loans generally raised the income and employment of the borrowers and thereby improved the quality of life.

Jyothana (1989) studied the impact of priority sector lending in and around the villages of Chandragiri Block and came out with the conclusion that bank's assistance has exerted a significant positive impact on priority sectors with reference to income and employment levels. The impact of bank finance on employment level is very significant in agricultural sector and in small business firms and comparatively very less in SSI sector. Regarding the recovery performance, it is very poor in SSI sector as well as in agriculture sector. But performance is comparatively significant among the beneficiaries in small business and firms sector.

Padmini (1990) conducted a study in Thrissur branch of Punjab National Bank to examine the implementation of priority sector lending scheme. The study revealed that priority sector lending of the bank was declining. All types of loans except DRI showed a fluctuating trend. The bank can advance more amount as loans to priority sectors by adopting more number of potential villages under SSA and scientific management of funds.

Bishnoi(1992) in his article "Policy Constraints and Banks Profitability Impact of Priority Sector Credit" has examined the impact of priority sector credit on public sector banks profitability during 1974-1986. The author has referred to the interest subsidy rates on credit to priority sectors, income loss and its impact on banks profitability etc. His findings have revealed that interest subsidy rates varied across the priority sectors and increased over the period. The author has found that the absolute interest income loss to public sector banks increased from Rs.33.4 crore in 1974 to Rs. 607.39 crore in 1986 due to combined effect of increase in interest subsidy rates and rise in the amount of priority sector credit. He has further observed that the income loss rates are substantially higher than the profitability ratios in all these years and difference between them has increased. The author has suggested that in view of these findings the entire gamut of priority sector scheme and system of credit delivery needs to be reviewed and revised in order to have some trade off between social and commercial considerations of priority sector credit.

Gosh (1992) opined that the curtailment of the target of priority sector lending, as urged by Committee on the Financial System, will send an unfortunate signal to the dispensers of credit that the basic objective for which priority was developed. Policy makers in the developing countries, from time to time had found that they have to reconcile with the

conflicting objectives, but they cannot afford to let the crucial economic agents such as banks and financial institutions choose the easy way out of such situations.

Narayana (1992) claimed that one of the major achievements of commercial banking in general and directed credit programme in particular has been the extension of the outreach of banking sector to the small and marginal farmers and the weaker sections of the society. The Narasimham Committee on the Financial System has however suggested a restructuring of rural banking on the ground that priority sector lending has led to falling programmes for rural development and the attempts to improve loan recoveries, especially the group lending programme and suggests that the problem lays with poor risk management concepts.

Rajagopal (1994) looks at the future of priority sector lending in Indian banking and comments that concessional credit should be restricted only to the poorest of the poor and to the under privileged sections of the society. From those who can afford it, commercial rate of interest should be charged. The weaker sections including small and marginal farmers need to be protected against the impact of liberalization.

Special Article (1995) states that what the government and RBI were doing under the label of priority sector lending was with an eye on the poll. The Narasimham Committee had recommended bringing down the priority sector lending from 40 to 10 per cent. But the Government did not implement the recommendations. At the same time banks are given the opportunity to deposit their shortfall in achieving the priority sector target in NABARD, SIDBI, etc and thereby helping the banks to honour their priority sector commitments profitably.

Kaladhar (1997) suggested that priority sector should be changed to micro finance and targeting is to be done in terms of growth in number of accounts instead of the present stipulation of 40 per cent of the credit outstanding. With the realization that the poor are bankable and banking with the poor is profitable, there will be no hesitation on the part of the commercial banks to actively pursue micro financing. In other words, the present priority sector may be given up in favour of targeting microfinance particularly in the rural and semi urban areas.

Shajahan (1998) in his study on priority sector lending has observed that the banking sector reforms initiated as a part of the liberalization policies since the beginning of 1990's have almost brought the priority sector lending to a halt. Moreover, the position of the poorer

states with regard to the priority sector bank credit seems to have worsened because of the manner in which priority sector targeting has been done. So he recommends linking of the priority sector target to bank deposits rather than to total bank credit.

Yashwant Sinha (2001) the then Union Finance Minister, while addressing the chief executives of public sector banks, advised that banks should proceed against large wilful interference, high transaction cost, etc. He also suggested various strategies to overcome these issues.

Ibrahim (2011) studied the role of Regional Rural Banks in priority sector lending during 2002-2009 and found that there was significant growth in priority sector lending performance of these banks.

One of the recommendations of the Malegam Committee (2011) was that the priority sector guidelines needs to be revised especially when bank finance is routed through other agencies. There was need to examine the issues, understand the viewpoints of diverse stakeholders and recommend appropriate changes in the current policy framework.

The Reserve Bank of India constituted Nair Committee (2012) to re-examine the existing classification priority sector lending and related issues and suggest revised guidelines. The committee observed that the target of domestic scheduled commercial banks for lending to priority sector may be retained at 40 per cent of adjusted net bank credit (ANBC) or credit equivalent of off-balance sheet exposure (CEOBE), whichever is higher. As for "agriculture and allied activities" it recommended a composite sector within priority sector, by removing the distinction between direct and indirect agriculture. The targets for agriculture and allied activities are 18 per cent of ANBC or CEOBE, whichever is higher. A sub-target for small and marginal farmers within agriculture and allied activities was recommended, equivalent to 9 per cent of ANBC or CEOBE, whichever is higher to be achieved in stages by 2015-16. This report suggests that sharper focus needs to be given in directing flow of credit to economically weaker sections of the society in order to achieve the policy objective of inclusive and equitable growth.

Sharma (2012) analyzed the similarity of practice of priority sector lending for private as well as public sector banks and also studied which one is more committed. The result indicated that total lending amount by the two sectors differ from each other but the proportion of the amount was almost similar.

Raman (2013) in his study on the performance of priority sector advances by commercial banks in India. The result indicated that the rate of change on advances to priority sector segment both planned as well as achievement led the phenomenal growth in not only quantity but also quality. He found that the Non-performing asset in India has adversely affected the profitability and efficient functioning of the banks. He observed the efficiency and profitability, the NPA has to be scheduled and various steps taken by government to reduce NPA. It is highly impossible to have zero percentage NPA. He also suggested various improvements in the operating cost structure of public sector banks.

Venugopal (2014) studied the performance of financial institutions is not significantly among in lending to the Agricultural Sector, Small Scale Industries Sector and Total Priority Sector. But there is a significant difference among Public Sector Banks, Private sector banks and other agencies in lending to the services sector. But in Public Sector commercial banks is good in lending to industrial sector and total priority sector advances followed by Private sector commercial banks and other agencies. He found that other agencies show poor performance during the period under study.

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Chapter - 3
*Priority Sector Lending In India – A
Theoretical Framework*

Chapter - 3

PRIORITY SECTOR LENDING IN INDIA- A THEORITICAL FRAMEWORK

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4.1 Introduction

Institutional credit facilities in rural India at the time of independence were far from satisfactory. Consequently, rural people were too dependent upon non – institutional credit agencies like money lenders, traders etc. for borrowing for both productive and unproductive purposes. These agencies exploited the borrowers through various malpractices such as high interest rates, manipulation of accounts and purchase of farm produces at low prices. The money lending system in the village was responsible for rural poverty and backwardness of agriculture. Thus, agriculture, the principle economic activity in rural India, remained with all negative effects on the advancement of the national economy.

The preamble to the Bank Nationalization Act, 1970 clearly lays down that the banking system has to function in alignment with national priorities and objectives. Banks have been conceived as active instruments of economic growth for securing a reduction in inequalities of income and wealth and in regional disparities in development. These objectives have been sought to be realised through the extension of banking facilities to unbanked areas, mobilization of deposits and allocation of credit in such a manner as to realize an equitable and fair distribution of credit according to the priorities of socio-economic development.

4.2 Origin of Priority Sector Lending

It has been in the post 1969 period that priority sector lending and social banking concepts have been crystallized and adopted for the purpose of credit deployment. The term 'priority sector' indicates those activities which have national importance and have been assigned priority for development. Hence, the adoption of priority sector concept for the purpose of bank lending reflects the efforts to synchronize the lending activities of each bank with the national priorities. These sectors in particular agriculture, small industries and other small business, were the neglected sectors and for the purpose of bank credit, they have been categorized as priority sector. The concept of priority sector thus mainly intended to ensure

that the assistance from the banking system flow in an increasing measure to those sectors of the economy, which though contributing significant proportion of national product, had not, received adequate support of institutional finance in the past. Apart from general emphasis on lending to priority sectors, RBI directed commercial banks to ensure flow of at least 33.3 per cent of total credit to priority sectors by March 1979 and 40 per cent by March 1985. In addition, banks advised to give external credit assistance to weaker sections at a concessional rate of interest of 4 per cent under differential rate of interest scheme which was launched during 1972. The RBI prescribed lower interest rate for priority sector advances as compared to traditional advances. Thus the inclusion of a particular category in the priority sectors confers up on them certain specific advantage over other borrowers in all respect.

The composition of Priority Sector remained somewhat vague even after nationalisation. As a result there was a wide variation in respect of priority sector lending data among the banks. It was in 1972, on the basis of a report submitted by the informal study group on statistics relating to priority sector constituted by RBI, that a more comprehensive definition of priority sector came to be adopted. Mean while several measures were taken to improve the credit delivery mechanism in the priority sector through rising of loan limits and expanding the definition of the priority sector.

4.3 Priority sector lending-targets and classification

An Internal Working Group (IWG) was set up in July 2014 to revisit the existing priority sector lending guidelines. The report of the IWG was placed in the public domain inviting comments. The recommendations of the IWG were examined in the light of the comments / suggestions received from Government of India, banks, and other stakeholders and revised guidelines are being issued in supersession of guidelines mentioned in the Master Circular RPCD.CO.Plan.BC10/04.09.01/2014-15 dated July 1, 2014 on Priority Sector Lending – Targets and Classification.

The salient features of the guidelines are as under:-

- (i) Categories of the priority sector: Medium Enterprises, Social Infrastructure and Renewable Energy will form part of priority sector, in addition to the existing categories.
- (ii) Agriculture: The distinction between direct and indirect agriculture is dispensed with.
- (iii) Small and Marginal Farmers: A target of 8 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Small

and Marginal Farmers within agriculture, to be achieved in a phased manner *i.e.*, 7 per cent by March 2016 and 8 per cent by March 2017.

(iv) Micro Enterprises: A target of 7.5 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Micro Enterprises, to be achieved in a phased manner *i.e.* 7 per cent by March 2016 and 7.5 per cent by March 2017. //

(v) There is no change in the target of 10 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, for Weaker Sections.

(vi) Target for Foreign Banks: Foreign Banks with 20 branches and above already have priority sector targets and sub-targets for Agriculture and Weaker Sections, which are to be achieved by March 31, 2018 as per the action plans submitted by them and approved by RBI. The sub-targets for Small and Marginal Farmers and Micro Enterprises would be made applicable post 2018 after a review in 2017. Foreign banks with less than 20 branches will move to Total Priority Sector Target of 40 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, on par with other banks by 2019-20, and the sub-targets for these banks, if to be made applicable post 2020, would be decided in due course.

(vii) Bank loans to food and agro processing units will form part of Agriculture.

(viii) Export credit: Export credit upto 32 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, will be eligible as part of priority sector for foreign banks with less than 20 branches. For other banks, the incremental export credit over corresponding date of the preceding year will be reckoned upto 2 per cent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.

(ix) The loan limits for Housing loans and MFI loans qualifying under priority sector have been revised.

(x) The priority sector non-achievement will be assessed on quarterly average basis at the end of the respective year from 2016-17 onwards, instead of annual basis as at present.

The revised guidelines are operational with effect from the date of this circular. The priority sector loans sanctioned under the guidelines issued prior to this date will continue to be classified under priority sector till repayment/maturity/renewal.

4.3.1 Categories under priority sector

- (i) Agriculture
- (ii) Micro, Small and Medium Enterprises
- (iii) Education
- (iv) Housing
- (v) Social Infrastructure
- (vi) Others

4.3.2 Targets /Sub-targets for Priority sector

(i) The targets and sub-targets set under priority sector lending for all scheduled commercial banks operating in India are furnished below:

Categories	Domestic scheduled commercial banks and Foreign banks with 20 branches and above
Total Priority Sector	40 per cent of ANBC
Agriculture	18 per cent of ANBC
Micro Enterprises	7.5 per cent of ANBC
Advances to Weaker Sections	10 per cent of ANBC

Source: RBI

*ANBC – Adjusted Net Banking Credit

4.3.3 Description of the eligible categories under priority sector

4.3.3.1 Agriculture

The present distinction between direct and indirect agriculture is dispensed with. Instead, the lending to agriculture sector has been re-defined to include (i) Farm Credit (which will include short-term crop loans and medium/long-term credit to farmers) (ii) Agriculture Infrastructure and (iii) Ancillary Activities. A list of eligible activities under the three sub-categories is indicated below:

4.3.3.1.1 Farm credit

A. Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such

loans], directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. This will include:

(i) Crop loans to farmers, which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.

(ii) Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)

(iii) Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.

(iv) Loans to farmers up to `50 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.

(v) Loans to distressed farmers indebted to non-institutional lenders.

(vi) Loans to farmers under the Kisan Credit Card Scheme.

(vii) Loans to small and marginal farmers for purchase of land for agricultural purposes.

B. Loans to corporate farmers, farmers' producer organizations/companies of individual farmers, partnership firms and co-operatives of farmers directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture up to an aggregate limit of `2 crore per borrower. This will include:

(i) Crop loans to farmers which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities.

(ii) Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.)

(iii) Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce.

(iv) Loans up to `50 lakh against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 12 months.

4.3.3.1.2 Agriculture infrastructure

- i) Loans for construction of storage facilities (warehouses, market yards, godowns and silos) including cold storage units/ cold storage chains designed to store agriculture produce/products, irrespective of their location.
- ii) Soil conservation and watershed development.
- iii) Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting.

4.3.3.1.3 Ancillary activities

- (i) Loans up to `5 crore to co-operative societies of farmers for disposing of the produce of members.
- (ii) Loans for setting up of Agriclincs and Agribusiness Centres.
- (iii) Loans for Food and Agro-processing up to an aggregate sanctioned limit of `100 crore per borrower from the banking system.
- (iv) Bank loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi-Purpose Societies (LAMPS) for on-lending to agriculture.
- (v) Loans sanctioned by banks to MFIs for on-lending to agriculture sector as per the conditions specified in paragraph IX of this circular
- (vi) Outstanding deposits under RIDF and other eligible funds with NABARD on account of priority sector shortfall.

For the purpose of computation of 7 per cent/ 8 per cent target, Small and Marginal Farmers will include the following:-

- Farmers with landholding of up to 1 hectare are considered as Marginal Farmers. Farmers with a landholding of more than 1 hectare and upto 2 hectares are considered as Small Farmers.
- Landless agricultural labourers, tenant farmers, oral lessees and share-croppers.
- Loans to Self Help Groups (SHGs) or Joint Liability Groups (JLGs), *i.e.* groups of individual Small and Marginal farmers directly engaged in Agriculture and Allied Activities, provided banks maintain disaggregated data of such loans.
- Loans to farmers' producer companies of individual farmers, and co-operatives of farmers directly engaged in Agriculture and Allied Activities, where the membership of Small and

Marginal Farmers is not less than 75 per cent by number and whose land-holding share is also not less than 75 per cent of the total land-holding.

Documents to be submitted for availing agricultural loan:

1. Agreement of guarantee
2. Agreement of hypothecation
3. Loan executing documents
4. Affidavit
5. Encumbrance certificate for 30 years
6. Tax receipt for security

Conditions to be fulfilled for availing agricultural loan in SIB

Pre- disbursement

1. Lease agreement between each lesser and lessee to be executed and sent to R.O. if it is more than 11 months lease agreement must be registered.
2. Branch to strictly ensure that there is no double financing for the said cultivable lands.

Special conditions

1. Branch to obtain and keep in files copy of current year Land Tax Paid Receipt or Possession Certificate of all owned cultivable lands. Branches should verify the originals of documentary proof and keep a copy of the same on record, duly certifying that "Original Verified" & lease agreements of all leased cultivable lands.
2. Branch may be asked to confirm, the borrowers or property owners of the leased lands are not enjoying any agricultural credit facilities from other banks or financial institutions for meeting the expenses incurred in carrying out agricultural operations in the proposed cultivable lands before extending the limit.
3. Branch to obtain an undertaking from the borrowers stating that the money will be used for agricultural purpose only.
4. Branch manager to visit all the cultivable lands of the applicants to verify the standing crops before disbursement of the loan and to conduct periodic visits to monitor the progress of cultivation and ensure proper end use of funds.
5. All accounts in the name of borrower with other branches to be regular.
6. Branch also to ensure there is no fund diversion.

7. Branch to obtain Lease Agreements and copy to send to RO if it is more than 11 months it should be registered.

Other general terms

1. All formalities of Agriculture/Priority sector lending to be compiled with.
2. Loan to be classified under Kissan Credit Card Scheme and pass book to be issued. ///
3. Maximum Drawable limit for each year is valid for 12 months.
4. Withdrawals to be allowed in KCC account upto Maximum Drawable Limit (MDL) fixed for each year. ...
5. Maximum Drawable Limit for each year is subject to collateral security available and as per H.O. /R.O. instruction.
6. Borrower to be compulsorily insured under Personal Accident Insurance Scheme for KCC holders.
7. If the facility is not availed within 3 months from the date of sanction, it will be treated as cancelled without notice and the facility can be revalidated by the appropriate sanctioning authority only after reviewing the latest financial position of the party and appropriate charges to be levied for revalidation.
8. Branch should get an undertaking from the borrower that they will not resort to trading in real estate by the finance availed from our bank and that they are agreeable to the bank exercising its right to withhold or withdraw the facility if found so and to charge a higher rate of interest than the existing rate on the balance outstanding.
9. Rate of interest may change subject to change in risk weight or regularity requirements. Any slippage in rating will attract higher interest rate.
10. The bank may vary the spread, at any point of time, after giving notice to the borrower.
11. Branch to ensure compliance of circular no. 72/09-10 dated 12.06.2009 regarding SMS service to the borrowers.
12. Report of execution of documents to be submitted to the respective RO within the stipulated time
13. There should be regular operation in the account.
14. Each debit entry should be wiped off by subsequent credit entry within period of 12 months.
15. Limit to be reviewed every year.
16. Credit balance in the account if any fetch interest at Savings Bank rate.
17. Sale proceeds of agriculture produce should be routed through the account.

18. Documentation and Conduct of the account as per Manual of Instructions/Extant guidelines.
19. Branch to closely monitor the advance.
20. Copies of latest Income Tax/Wealth Tax Assessment orders of the guarantor's should be obtained and kept on record. Branch to ensure that borrowers/signatories have no tax liability.
21. Branch should get an undertaking from the borrower that they will not resort to trading in real estate by the finance availed from our bank and that they are agreeable to the bank exercising its right to withhold or withdraw the facility if found so and to charge a higher rate of interest than the existing rate on the balance outstanding.
22. The securities hypothecated to/pledged/mortgaged to the Bank should be insured for full value with bank clause and the same should be periodically renewed and charges to be borne by the borrower. Copies of the insurance policy should be kept on record.
23. Latest tax paid receipt of the properties under cultivation to be obtained.
24. Documentation and conduct of the account as per Manual of instructions and extant guidelines.
25. The borrower shall keep the Bank informed of any other bank or financial institution.

Penal charges

- i. 2% Penal interest will be charged as per rules for defaults and non-compliance of any of the sanction stipulations. Penal interest once charged will not be refunded.
- ii. 2% penal interest to be charged if the limits are not renewed/reviewed within 12 months.
- iii. If the account turns into NPA, the ROI applicable as per rules will be charged irrespective of the ROI as per Sanction terms.

Sanctioning Authority:

Loans up to 50 lakhs – Chief Manager

Loans between 50 lakhs - 4 crores – Assistant General Manager

Loans between 4 crores – 8 crores – Deputy General Manger

Loans above 8 crores – General Manager

4.3.3.2 Micro, Small and Medium Enterprises (MSMEs)

The limits for investment in plant and machinery/equipment for manufacturing / service enterprise, as notified by Ministry of Micro, Small and Medium Enterprises, vide S.O.1642(E) dated September 9, 2006 are as under:-

Manufacturing Sector	
Enterprises	Investment in plant and machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees
Service Sector	
Enterprises	Investment in equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

Source : RBI

Bank loans to Micro, Small and Medium Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector as per the following norms:

4.3.3.2.1 Manufacturing Enterprises

The Micro, Small and Medium Enterprises engaged in the manufacture or production of goods to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and as notified by the Government from time to time. The Manufacturing Enterprises are defined in terms of investment in plant and machinery.

4.3.3.2.2 Service Enterprises

Bank loans up to 5 crore per unit to Micro and Small Enterprises and `10 crore to Medium Enterprises engaged in providing or rendering of services and defined in terms of investment in equipment under MSME Act, 2006.

4.3.3.2.3 Khadi and Village Industries Sector (KVI)

All loans to units in the KVI sector will be eligible for classification under the sub-target of 7 per cent /7.5 per cent prescribed for Micro Enterprises under priority sector.

4.3.3.2.4 Other Finance to MSMEs

(i) Loans to entities involved in assisting the decentralized sector in the supply of inputs to and marketing of outputs of artisans, village and cottage industries.

(ii) Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries.

(iii) Loans sanctioned by banks to MFIs for on-lending to MSME sector as per the conditions specified in paragraph IX of this circular.

(iv) Credit outstanding under General Credit Cards (including Artisan Credit Card, Laghu Udyami Card, Swarojgar Credit Card, and Weaver's Card etc. in existence and catering to the non-farm entrepreneurial credit needs of individuals).

(v) Outstanding deposits with SIDBI on account of priority sector shortfall.

4.3.3.3 Education

Loans to individuals for educational purposes including vocational courses upto 10 lakh irrespective of the sanctioned amount will be considered as eligible for priority sector.

4.3.3.4 Housing

(i) Loans to individuals up to ` 28 lakh in metropolitan centres (with population of ten lakh and above) and loans up to ` 20 lakh in other centres for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit in the metropolitan centre and at other centres should not exceed ` 35 lakh and ` 25 lakh respectively. The Housing loans to banks' own employees will be excluded. As Housing loans which are backed by long term bonds are exempted from ANBC, banks should either include such Housing loans to individuals up to ` 28 lakh in metropolitan centres and ` 20 lakh in other centres under priority sector or take benefit of exemption from ANBC, but not both.

(ii) Loans for repairs to damaged dwelling units of families up to ` 5 lakh in metropolitan centres and up to ` 2 lakh in other centres.

(iii) Bank loans to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers subject to a ceiling of ` 10 lakh per dwelling unit.

(iv) The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, the total cost of which does not exceed ` 10 lakh per dwelling unit. For the purpose of identifying the economically weaker sections and low income groups, the family income limit of ` 2 lakh per annum, irrespective of the location, is prescribed.

(v) Bank loans to Housing Finance Companies (HFCs), approved by NHB for their refinance, for on-lending for the purpose of purchase/construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ` 10 lakh per borrower.

The eligibility under priority sector loans to HFCs is restricted to five per cent of the individual bank's total priority sector lending, on an ongoing basis. The maturity of bank loans should be co-terminus with average maturity of loans extended by HFCs. Banks should maintain necessary borrower-wise details of the underlying portfolio.

(vi) Outstanding deposits with NHB on account of priority sector shortfall.

4.3.3.5 Social infrastructure

Bank loans up to a limit of ` 5 crore per borrower for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities in Tier II to Tier VI centres.

4.3.3.6 Others

1. Loans not exceeding ` 50,000/- per borrower provided directly by banks to individuals and their SHG/JLG, provided the individual borrower's household annual income in rural areas does not exceed ` 100,000/- and for non-rural areas it does not exceed ` 1,60,000/-.

2. Loans to distressed persons [other than farmers already included under III (1.1) A (v)] not exceeding ` 100,000/- per borrower to prepay their debt to non-institutional lenders.

3. Overdrafts extended by banks upto ` 5,000/- under Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts provided the borrowers household annual income does not exceed ` 100,000/- for rural areas and ` 1,60,000/- for non-rural areas.

(iii) Bank loans to any governmental agency for construction of dwelling units or for slum clearance and rehabilitation of slum dwellers subject to a ceiling of ` 10 lakh per dwelling unit.

(iv) The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, the total cost of which does not exceed ` 10 lakh per dwelling unit. For the purpose of identifying the economically weaker sections and low income groups, the family income limit of ` 2 lakh per annum, irrespective of the location, is prescribed.

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3. Overdrafts extended by banks upto ` 5,000/- under Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts provided the borrowers household annual income does not exceed ` 100,000/- for rural areas and ` 1,60,000/- for non-rural areas.

4. Loans sanctioned to State Sponsored Organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs and/or the marketing of the outputs of the beneficiaries of these organisations.

4.3.3.7 Weaker Sections

Priority sector loans to the following borrowers will be considered under Weaker Sections category:-

No.	Category
1.	Small and Marginal Farmers
2.	Artisans, village and cottage industries where individual credit limits do not exceed ` 1 lakh
3.	Beneficiaries under Government Sponsored Schemes such as National Rural Livelihoods Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
4.	Scheduled Castes and Scheduled Tribes
5.	Beneficiaries of Differential Rate of Interest (DRI) scheme
6.	Self Help Groups
7.	Distressed farmers indebted to non-institutional lenders
8.	Distressed persons other than farmers, with loan amount not exceeding ` 1 lakh per borrower to prepay their debt to non-institutional lenders
9.	Individual women beneficiaries up to ` 1 lakh per borrower
10.	Persons with disabilities
11.	Overdrafts upto ` 5,000/- under Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts, provided the borrowers' household annual income does not exceed ` 100,000/- for rural areas and ` 1,60,000/- for non-rural areas
12.	Minority communities as may be notified by Government of India from time to time

Source: RBI

Non-achievement of Priority Sector targets

Scheduled Commercial Banks having any shortfall in lending to priority sector shall be allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD and other Funds with NABARD/NHB/SIDBI, as decided by the Reserve Bank from time to time. For the year 2015-16, the shortfall in achieving priority sector target/sub-targets will be assessed based on the position as on March 31, 2016. From financial year 2016-17 onwards, the achievement will be arrived at the end of financial year based on the average of priority sector target /sub-target achievement as at the end of each quarter.

The interest rates on banks' contribution to RIDF or any other Funds, tenure of deposits, etc. shall be fixed by Reserve Bank of India from time to time.

The misclassifications reported by the Reserve Bank's Department of Banking Supervision would be adjusted/ reduced from the achievement of that year, to which the amount of declassification/ misclassification pertains, for allocation to various funds in subsequent years.

Non-achievement of priority sector targets and sub-targets will be taken into account while granting regulatory clearances/approvals for various purposes.

Chapter – 4

South Indian Bank – A Profile

Chapter - 4

SOUTH INDIAN BANK - A PROFILE

3.1 Introduction

The South Indian Bank Limited (SIB) is an India-based schedule bank. SIB provides retail and corporate banking, Para banking activities, such as debit card, third party product distribution, in addition to treasury and foreign exchange business. SIB operates in four segments: Treasury, Corporate/ Whole sale Banking, Retail Banking and Other Banking Operations. The treasury services segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The Corporate / Whole sale Banking segment provides loans and other banking services to corporate segment. The Retail Banking segment provides loans and other banking services to non corporate customers. This segment includes income from Para banking activities, such as debit cards, third party product distribution and associated costs. The South Indian Bank was incorporated on January 25, 1929 in Thrissur, Kerala, by a band of enterprising men at a time when Swadeshi movement was gathering momentum to provide for the people a safe, efficient and service oriented repository of savings of the community on one hand and to reduce the dependence of the business community on moneylenders by providing need based credit at reasonable rate of interest. It became a scheduled bank in 1946. It has been in the forefront of upgrading the technology by introducing core banking solution. It has implemented, Sibertech, which runs on Finacle platform provided by Infosys Technologies Limited. All the branches in the major cities are covered under this project and as on date 87% of the total business is networked under core banking solution. ICICI Bank Ltd is the biggest shareholder of the South Indian Bank holding 11.25% of the bank's enquiry.

3.2 History of South Indian Bank

South Indian Bank is now one of the leading scheduled commercial banks in India with a strong focus on technology and customer service. SIB has a pan India presence with 580 Branches, 3 Extension Counters and 377 ATMs spread across 23 States/Union Territories. The total number of Employees of the Bank as on 31-12- 2008 is 4826. South Indian Bank was registered as a private Limited Company under the companies Act of 1913 and commenced business on 29-01-1929 at Round South, Thrissur. The South Indian Bank

Ltd., was formed by a group of 44 enterprising men of Thrissur who contributed Rs.500/- each to the initial paid up capital of Rs.22, 000/-. Their main objective was to serve the merchant community of Thrissur by freeing them from the clutches of the money lenders who charged exorbitant rates of interest. The bank received very good support from the public at large. Initially the growth was slow but steady. The number of branches opened each year testified its stability and popularity. It was included in the second schedule of the Reserve Bank of India and became a scheduled Bank on 07-08-1946. SIB was the first scheduled Bank in the private sector in Kerala to get the license under section 22 of the Banking Regulation Act 1949 from RBI on 17-06-1957. In the 87 years of its service the Bank had survived many crises. It could survive the Kerala Banking crisis of 1960 when the Pala Central Bank was closed down. A turbulent environment was experienced by banks in Kerala. It was a period of merger, amalgamations and takes over. South Indian Bank ventured to extend its helping hand to take over the assets and liabilities of 15 small banks in Kerala in 1964. It was based on the general policy of consolidation formulated by RBI. As a result of this, the number of bank branches of the bank rose to 64 in 1964. This gave the bank a new vigour and vitality. Thereafter it began to branch out and spread over the states of Kerala, Tamil Nadu, Karnataka, Pondicherry, Andhra Pradesh, Maharashtra, West Bengal, Gujarat and Delhi. When the 14 major banks in India were nationalized by Govt. of India in 1969, SIB was having 78 branches. The liberal branch licensing policy adopted by RBI helped the bank to expand fast thereafter. At the time of Golden Jubilee Celebration in 1979, SIB was having a total of 235 Branches.

3.2.1 Foreign Exchange Business

The Bank got license from RBI to deal in Foreign Exchange on 01-08-1975. It is an authorized dealer in Foreign Exchange now and operates all types of foreign exchange business. It has correspondent banking arrangements in all commercial centres of the world. NRI's can remit funds to an account in the bank either online or through draft drawing arrangements. The bank is entrusted with the management of remittance business of a prominent exchange house in the UAE, M/s. Hadi Express Exchange, and has deputed officers to the two offices of the Exchange house in Dubai and Sharjah. Specialized Branches to provide specialized service to various segments of business, Bank decided to open specialized NRI, Industrial finance, and overseas branches at various parts of our nation. The first NRI branch was opened in November 1992 at Ernakulam and the first Industrial Finance Branch in March 1993 at Coimbatore. The first overseas branch to cater exclusively to

export-import business was opened in June, 1993 at Ernakulam. Later on, an exclusive SSI Branch was opened at Chennai.

3.2.2 Core Banking Solution

SIB is the first Kerala based bank to implement the core banking system. The bank had embarked upon a massive technology up-gradation project; by the SIB is the first Kerala based bank to implement the core banking system. The bank had embarked upon a massive technology up-gradation project, by the name Sibertech, for introduction of Core Banking Solution. The Sibertech Project was formally launched on January 17, 2001 by Sri. N.R. Narayana Murthy, Chief Mentor (Infosys Technologies Ltd.) in a colourful function at Kochi. For this, a modern Data Centre has been set up at Kochi, connecting all the branches, the Departments at Head Office, Regional Offices, and the Treasury Department at Mumbai and the International Banking Division at Kochi. This robust network facilitates anywhere banking, Networked ATMs, Internet Banking, Mobile Banking, Global ATM cum debit card operations etc. The Sibertech project was launched with a target of connecting the 200 odd branches in two phases by March, 2004. Towards this endeavour, the bank concluded a technology partnership with M/s. Infosys Technologies Ltd. for Finacle, the Core Banking Solution, M/s.HCL Info systems Ltd. for Network Integration and M/s. WIPRO for Data Centre set up and maintenance. The bank has achieved 100 per cent connectivity by implementing Core Banking Solution by 24th March, 2007. Further to strengthen the ATM reach and global acceptability, Bank has introduced Global ATM-cum-Debit card, which can be used at ATMs and merchant establishments all over the world. The Bank has also introduced value added services such as mobile banking and internet banking. The aim of the Bank is to offer the latest technology driven value added services to the customers towards the realization of their motto – *Experience Next Generation Banking*.

3.2.3 Board of Directors and Corporate Governance

The composition of the Board of Directors is governed by the provisions of the Banking Regulation Act, 1949. The Board consists of eminent persons with considerable professional expertise and experience in Banking, accounting, finance and other fields as specified in the said Act. Corporate governance of the Bank ensures high standards of transparency, accountability, ethical operating practices and professional management. Under the leadership of MD and CEO, Sri. V. G. Mathew, Chairman, Sri. Amitabha Guha and other directors and top executives, the Bank is now performing extremely well.

3.2.4 Human Resources

The bank attaches top priority to impart adequate training to its employees. It considers that training is necessary for both individual and organizational effectiveness. The training should help to develop the skills and knowledge and also the competencies desired from them. Training interventions are effectively made use of by the bank to improve the performance of the organization since 1965. *SIB-Staff Training College* (SIB-STC) commenced its operations on 28th October, 1965. The first training batch of SIB-STC was inaugurated by Sri. Samuel Mathai, Vice- Chancellor of Kerala University. Bank Chairman Sri. Joseph Chakola, General Manager MCP Nambiar and STC Principal Sri.C.K.Menon were present on the occasion. Since then SIBSTC has made substantial improvements and played a key role in the progress of the organization. It could meet the qualitative and quantitative training needs of the organization. In addition to the Central Staff Training College at Trichur, Regional training centers were set up at Delhi, Mumbai, Bangalore, Chennai and Coimbatore in 2005. Later, Regional training centers were set up at Calcutta and Hyderabad also. To facilitate the transition of the Bank from a regional to national platform, and to bring in more professionalism the bank has recruited specialist officers. The bank has also recruited a good number of probationary officers and clerks through campus recruitment. This is in addition to the national and regional level recruitments through entrance test. The bank also introduced a Staff Welfare Scheme by which the children of the Staff members were offered employment after proper selection process in lieu of their parents opting out of the job. The newly recruited officers/clerks are posted to branches or offices after proper induction training. SIB has innovated a number of Staff-welfare measures which are unheard of in the banking sector in India. It has introduced an innovative and attractive incentive scheme encompassing all staff members from ED to part-time sweepers. This helped the Bank achieve business targets with focus on CASA products. The bank has also introduced an employee stock option plan. The latest welfare measure is the facility to avail long leave for purposes such as maternity and child care, higher studies and medical treatment.

3.2.5 Milestones

- i. South Indian Bank commenced operations on 29-01-1929 as a private limited company in a rented room at the western end of Bishop Menachery Building (now Municipal building), Round South, and Thrissur.
- ii. The bank opened the first branch in Wadakkancherry on 12-02-1932. The bank was converted as a public limited company on 11-08-1939.

- iii. The bank purchased a building at Round South, Thrissur on 25-05- 1940. The FIRST among the private sector banks in Kerala to become a scheduled bank on 07-08-1946 under the RBI Act.
- iv. The English version of the Memorandum and the Articles of Association adopted on 08-02-1947 South Indian Bank Employees Association (SIBEA) was registered on 03-03-1952.
- v. The first balance sheet in English was published in 1953.
- vi. The bank obtained banking license from the RBI on 17- 06- 1957 under the Banking regulation Act, 1949, becoming the first bank in the private sector from Kerala
- vii. The Silver Jubilee of the bank was celebrated on 09-02- 1958 and Sri. K. Kamaraj, the Chief Minister of Madras and Sri. C. Achutha Menon, the Chief Minister of Kerala graced the public function.
- viii. The bank took over assets and liabilities of 15 small banks in Kerala in 1964 as per the policy of consolidation of banks by the RBI.
- ix. The bank started staff training college on 15-10-1965.
- x. South Indian Bank Officers' Association was formed on 27-02-1966.
- xi. A joint training college was started with Catholic Syrian Bank and Dhanalakshmi Bank as co-partners on 01-09- 1970.
- xii. The bank got license from the RBI to deal in foreign exchange on 01-08-1975.
- xiii. The Golden Jubilee of the bank was celebrated on 17-10- 1980 and 18-10-1980. Many dignitaries including, Central Ministers Sri. R. Venkitaraman, the Finance Minister, Sri. C.M. Stephen, the Communications Minister and State Ministers and Chairman, SBI graced the occasion.
- xiv. The Head Office of the bank was shifted from the Silver Jubilee building at Round South, Thrissur to the new building at Mission Quarters, Thrissur in 1984.
- xv. A Co- operative Society was formed in 1984 under the name South Indian bank Staff Co- operative Credit Society.
- xvi. The bank ventured the publication of Students' Economic Forum in December 1991.
- xvii. The first bank in the private sector in India to open a Currency Chest on behalf of the RBI in April 1992.
- xviii. The first bank in Kerala to develop in-house, fully integrated branch automation software in addition to the in- house partial automation solution operational since 1992.
- xix. The first private sector bank to open a NRI branch in November, 1992.

- xx. The first bank in the private sector to start an Industrial Finance Branch in March 1993.
- xxi. The first among the private sector banks in Kerala to open an “Overseas Branch” to cater exclusively to the export and import business in June, 1993.
- xxii. The first Public Issue of Shares of the bank (IPO) was completed in October 1998. It Listed the Shares in BSE, NSE and CSE in December 1998.
- xxiii. The Sibertech Project for implementation of Core Banking Solution commenced in 2001 The Platinum Jubilee of the bank was celebrated on 22- 03-2004. The then Chief Minister of Kerala, Sri. A.K. Antony and other dignitaries’graced the occasion by their presence.
- xxiv. The Follow-on Public Offer (FPO) of bank’s shares was done in February, 2006.
- xxv. Bharath Mammooty identified as South Indian Bank’s Global Brand Ambassador in October 2006
- xxvi. The bank achieved 100 per cent Core Banking Solution in March 2007.
- xxvii. The bank could raise substantial capital funds to the extent of Rs.326 crores by way of Qualified Institutional Placement (QIP) in September, 2007 and thus the total capital resources exceeded Rs.1000 crores
- xxviii. Opened 500th branch on 31-03-2008 in New Delhi. Came out with Bonus Issue of Shares in 2008.

3.2.6 A New Visual Identity for New Competencies

South Indian Bank unveiled the new corporate logo that demonstrates the major transformation the bank has undergone since its inception. Padmashree Mammooty, the three-time Bharath award winning megastar, who is also the global Brand Ambassador of the Bank, unveiled the new corporate brand logo on 16th October 2006. Bank’s new logo projects the significance of transformation to the public around the world. It is a positive sign of change that has re-energized the staff members and caught the attention of the customers who understand that South Indian Bank is dedicated to relationship built on trust. This warm relationship of the customers and the staff alike with the Bank is beautifully portrayed in the new logo by way of two hands strongly clasping on to the pillar- that is “SIB”, which represent bank’s loyal customers on the top and the employees below. The new visual identity of the bank consists of ‘cardinal red’ and ‘white’ colours. ‘Red’ usually represents energy, creativity and also joy. Red colour also symbolizes warmth. By embracing this colour for its new logo, SIB is giving its customers the connotation of the continuing growth of ideas

and concepts and warm relationship. It also conveys that the Bank is on the cutting edge of new technology. The new logo is a combination of forms that suggest a stylized 'S'. 'S' here represents service, strength, smartness, support and safety. For the bank which emphasizes on personalized customer service which has been the Bank's core strength all these 80 years of its existence, 'S' symbolizes, as mentioned earlier, service. It may be pointed out that "Outlook Money – Cfore Survey" selected South Indian Bank as the best private sector bank in India in the service quality segment. 'S' also represents strength derived from superior banking technology. For the Bank which could bag an award for excellence in banking technology from IDRBT- which is the technical arm of the Reserve Bank of India, this is all the more meaningful. The bank has bagged this award for the excellent contributions made in the area of information systems, security policies and practices, by tightly competing with all categories of banks in India. During the global financial crisis when there is public concern about the asset quality of banks, SIB is the only bank from the private sector –including the new generation and traditional banks to emerge as the "Best bank in the asset quality" in the "BT- KPMG Survey of Best Banks in India" published on 12th December 2008. "Experience next generation banking" is the new corporate slogan of the bank. Besides the technological capability which the bank is having, the bank recruits specialist officers as team members to provide professional customer services.

3.3 Vision

To be the most preferred bank in the areas of customer service, stakeholder value and corporate governance.

3.4 Mission

To provide a secure, agile, dynamic and conducive banking environment to customers with commitment to values and unshaken confidence, deploying the best technology, standards, processes and procedures where customer convenience is of significant importance and to increase the stakeholders' value.

3.5 Objectives

1. To provide a secure, agile, dynamic and conducive banking environment to customers
2. To provide the best technology
3. To provide standards, processes and procedures where customer convenience is of significant importance and to increase the stakeholders' value.

3.6 Design

Ever since major commercial banks were nationalized in two phases in 1969 and 1980, there has been a sea change in their functions, outlook and perception. One of the main objectives of nationalization of banks has been to help achieve balanced, regional, sectoral and sectional development of the economy by way of making the banks reach out to the small man and to the remote areas of the country. An organization consists of people who carry out differentiated tasks which are coordinated so as to contribute and achieves planned goals. Organizations are created mainly for producing goods and services to the society for which they have to incorporate a formal structure. Indian banking is now operating in a more competitive setting with the induction of new banks. Both Indian and foreign, who will be bringing in new work technology and specialist expertise and a variety of new financing instruments. The structure of South Indian bank is Head Office, Regional Office, Branch Office, Extension Counters and ATM Counters.

3.6.1 Head Office

South Indian Bank's functions are controlled and co-ordinated by the Head office. The Head Office of South Indian Bank is in Trichur, Kerala. It controls the activities of regional offices and branch offices. All most all the departments are there in the Head Office. Every decision is taken here. Since all the departments are there in the Head Office, every function is done here. The main functions of Head office are given below.

- i. It controls all the activities of bank: The managing Director's Secretariat is there in the head office. So all most all the decisions pertaining to the smooth administration of the bank is taken here.
- ii. It checks all the accounts of different Regional Offices and Branch Offices through its accounts departments. Strong and sound DICT is there to make proper communication.
- iii. It deals with all the legal issues of the bank through the legal departments. It checks the NRI account portfolio through its NRI division.
- iv. It checks and reviews the customer relationship management.

3.6.2 Regional Office

To make the administration and functions easier, Regional Offices are set up for each region. It acts as a link between branches and head office. In each region, certain number of branches and extension counters are there. Administration is very difficult according to the increase of the branches. Regional office makes the function of head office lesser through its co responsibility. The Regional Offices of South Indian Bank are in Bangalore, Chennai, Coimbatore, Delhi, Ernakulum, Hyderabad, Kolkata, Kottayam, Kozhikode, Mumbai, Pathanamthitta, Palakkad, Trivandrum, Trichur, and Madurai. ...

3.6.3 Branch Office

There are 831 branches for South Indian Bank. They come under specific Regional office. To make personal contact with the customers, branches are very useful. In branch offices, we can't see all the departments. But every function of the bank such as accepting deposits, issuing loan and clearing is there. Job rotation is there in branch offices.

3.6.4 Extension Counter

It is same as branch. It also has the similar functions of branches except issuing of loans. As of now, there are 39 extension counters for SIB. It is the preceding stage to make a branch.

3.6.5 ATM Counters

The main purpose of the bank is to reduce the burden of the customer. So the banks have opened ATM Counters at different places to avoid the wastage of time and different formalities. South Indian Bank has set up 1282 ATM Counters all over India. South Indian Bank's Global ATM-Cum-Debit Cards are now acceptable in the Master Card International Network System as well as in the domestic National Financial Switch (NFS) Network System owned by IDRBT, the technical arm of RBI. Provide on-line access to Savings Bank or Current accounts of South Indian Bank. Tied up with the world-renowned service provider, MasterCard International can be used in 8,30,000 ATMs & 7 million Point of Sale (POS) terminals worldwide. South Indian Bank being a member of NFS network, South Indian Bank cards are acceptable in other member banks ATMs. It can be used in 31000+ ATMs in India. The Maestro Debit card is a PIN based card and operates similar to ATM making it 100% secure, even in POS terminals. Global Cards are issued free of cost to the customers of

South Indian Bank. Nominal fee is charged to the users at other Bank's ATMs. Cash withdrawal limits through ATMs is up to Rs.20, 000/- per day.

Regional office – Thrissur

The regional office of SIB, Thrissur is situated at Round South, Thrissur. Mr. Jose M.T. is the Deputy General Manager of SIB Thrissur Regional Office. It is having 38 branches under it. The branches under Thrissur region are as follows: Ammadam, Ayyanthole, Kandassankadavu, Kanjany, Mullassery, Ollukkara, Ollur, Thrissur- Main, Thrissur-Bazaar, Thrissur- High road, Thrissur-MG road, Alapad, Venkitangu, Viyyur, Puvathur, Nehru Nagar, Thiroor-Thrissur, Kundaliyur, Thrissur Mission Quaters, Vatanapally, Thriprayar, Thrissur East Fort, Thrissur North, Cheror, Puthenpeedika, Eravu, Amala Nagar, Koorkencherry, West Fort, Holy Angels Road, Kuttanellur, Punkunnam, Paravattany, Olarikkara, Paluvai, Kainoor, Aranattukara, Chembukavu.

Chapter – 5

Priority Sector Lending—An Analysis

Chapter- 5

PRIORITY SECTOR LENDING - AN ANALYSIS

5.1 Introduction

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Commercial lending is the mainstay of Indian Banking- it's bread and butter activity. Although historically, this activity had been relegated to a secondary position as banks were driven by the desire to excel themselves in what is known as "priority sector banking", yet it is this part of their portfolio which has kept them afloat and help to meet their costs. This activity survived despite a number of restrictions imposed on it in the past. Today many banks focus on this activity for improving their bottom lines. Fresh and innovative products are being launched to facilitate the customer who forms the core of this business. There is big competition among banks to secure bigger share of this business.

Review of the available literature clearly reveal the significance of the priority sector lending from the national point of view and also from the angle of commercial viability of commercial banking sector. In this, section, an analysis of trends in advances to priority sector and its various segments of South Indian Bank in Thrissur region are presented.

Table 5.1 Collateral security norms under priority sector

Agriculture	No margin & Collateral up to rs.1 Lakh
Agri-clinic & Agri-business	No margin & Collateral up to rs.5 Lakh
Small enterprises – Normal accounts	No collateral up to rs.10.00 Lakh
Small enterprises- Good track record units	No collateral up to rs.25.00 Lakh
Small enterprises (under CGTMSE)	No collateral up to rs.100 Lakh
Education loan	No collateral up to rs.7.50 Lakh

Source: RBI

5.2 Total priority Sector Advances and Non PSL advances

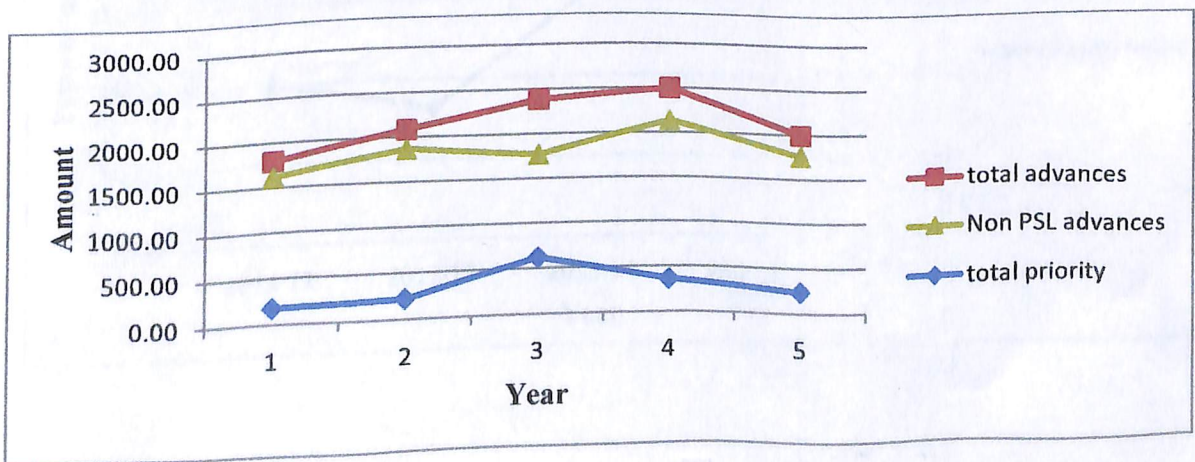
Table 5.2 Composition of Total priority Sector Advances and Non PSL advances of SIB in Thrissur Region

Year	PSL Advances (in crores)	Growth Index (in %)	Non PSL Advances (in crores)	Growth Index (in %)	Total Advances (in crores)	Growth Index (in %)
2011-12	180.40	100.00	1619.60	100.00	1800.00	100.00
2012-13	222.00	123.06	1868.00	115.34	2090.00	116.11
2013-14	619.20	343.24	1770.80	109.34	2390.00	132.78
2014-15	360.95	200.08	2139.05	132.07	2500.00	138.89
2015-16	242.90	134.65	1757.10	108.49	2000.00	111.11

Source: SLBC statements of SIB

Table 5.2 and Figure 5.1 shows the composition of PSL advances and Non PSL advances of SIB in Thrissur Region during the last 5 years. The PSL advances shows increasing trend up to 2013-14. And after that it shows decreasing trend. The highest PSL advances were in the year 2013-14 (619.20 crores). From the above table and figure it is clear that the Total advances and Non PSL advances shows a positive relationship. The growth index of total advances and non-PSL advances shows a similar trend. Through this we can conclude that the Total advances are affected by the non-PSL advances than the PSL advances.

Figure 5.1 Composition of Total priority Sector Advances and Non PSL advances of SIB in Thrissur Region



5.3 Total Agricultural Loans

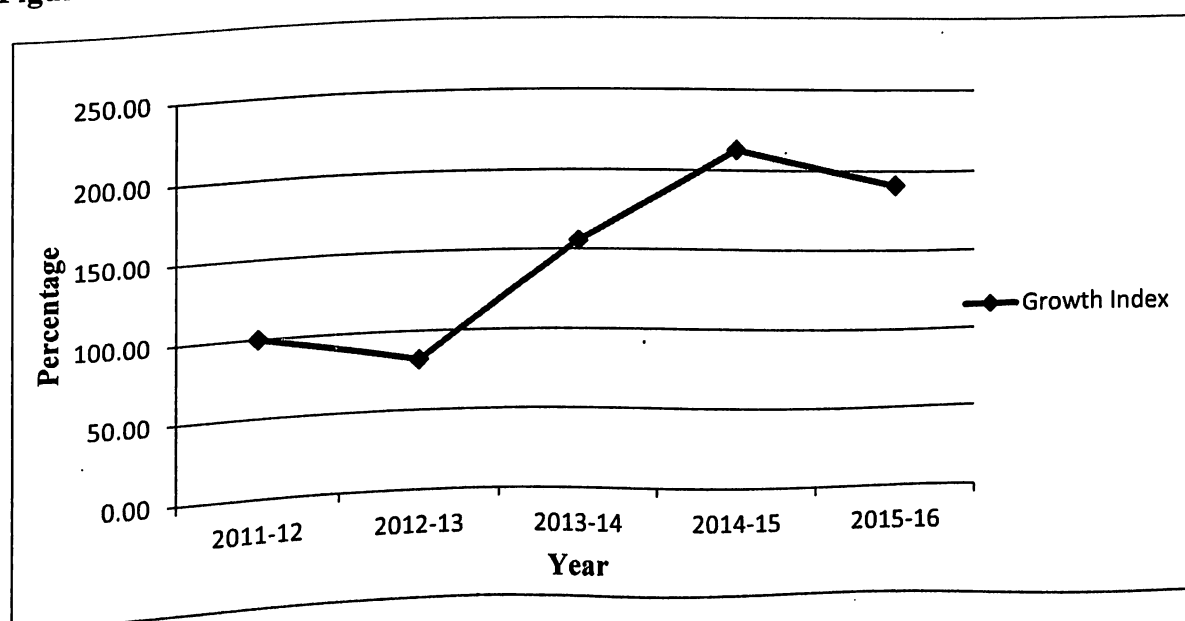
Table 5.3 Total Agricultural Loans of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Agricultural loans (in crores)	Growth Index
2011-12	56	100
2012-13	46	82
2013-14	87	155
2014-15	119	212
2015-16	107	191

Source: SLBC statements of SIB

Table 5.3 and Figure 5.2 show the Total Agricultural Loans disbursement of SIB. It shows a fluctuating trend. In the year 2014-15 it was the highest (119 crore) with a growth rate of 212 per cent compared to 2011-12. Higher growth in credit to agriculture may be attributed to the expected better kharif crop which has been announced by the Ministry of Agriculture. In the year 2012-13 the agriculture output was dented by deficient rainfall that impacted kharif crop.

Figure 5.2 Total Agricultural Loans of SIB in Thrissur Region from 2011-12 to 2015-16



5.4 Loans to Small Enterprises of SIB

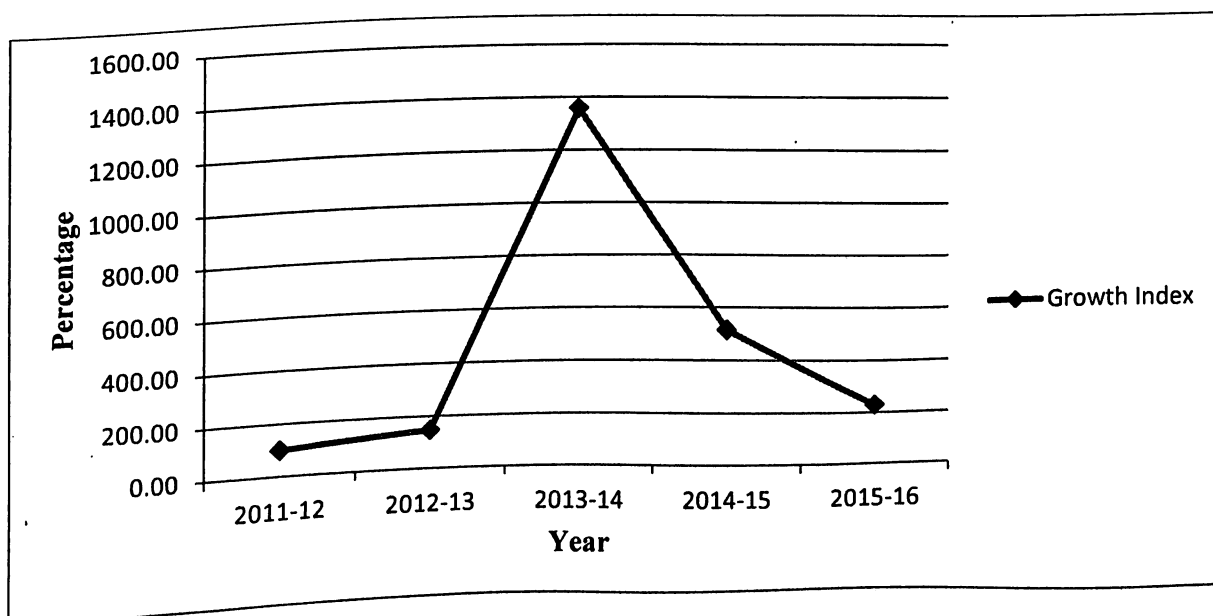
Table 5.4 Loans to Small Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Small Enterprises (in crore)	Growth Index
2011-12	34	100
2012-13	50	...
2013-14	462	1359
2014-15	175	515
2015-16	78	229

Source: SLBC statements of SIB

From the table 5.4 and figure 5.3 it is evident that Loans to Small Enterprises shows a fluctuating trend. It was the highest in the year 2013-14 having a growth rate of 1359 per cent compared to 2011-12. Then from 2014 to 2016 it showed a declining trend and reached 78 crores in 2015-16. But the growth index has increased to 229 per cent in the year.

Figure 5.3 Loans to Small Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16



5.5 Loans to Retail Trade of SIB

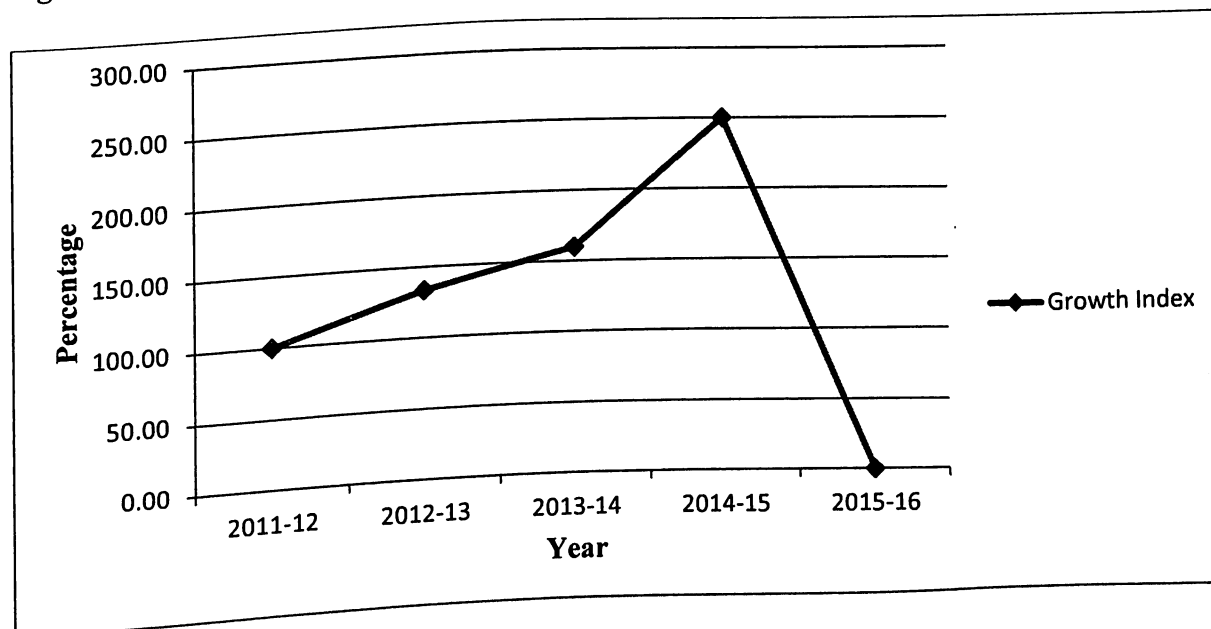
Table 5.5 Loans to Retail Trade of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Retail Trade (in crore)	Growth Index
2011-12	12	100
2012-13	16	133
2013-14	19	...
2014-15	30	250
2015-16	0	0

Source: SLBC statements of SIB

From the table 5.5 and figure 5.4 it is evident that Loans to Retail Trade show a increasing trend over the years. During the year 2015-16 there were no loans to the retail trade.

Figure 5.4 Loans to Retail Trade of SIB in Thrissur Region from 2011-12 to 2015-16



5.6 Loan to Medium Enterprises of SIB

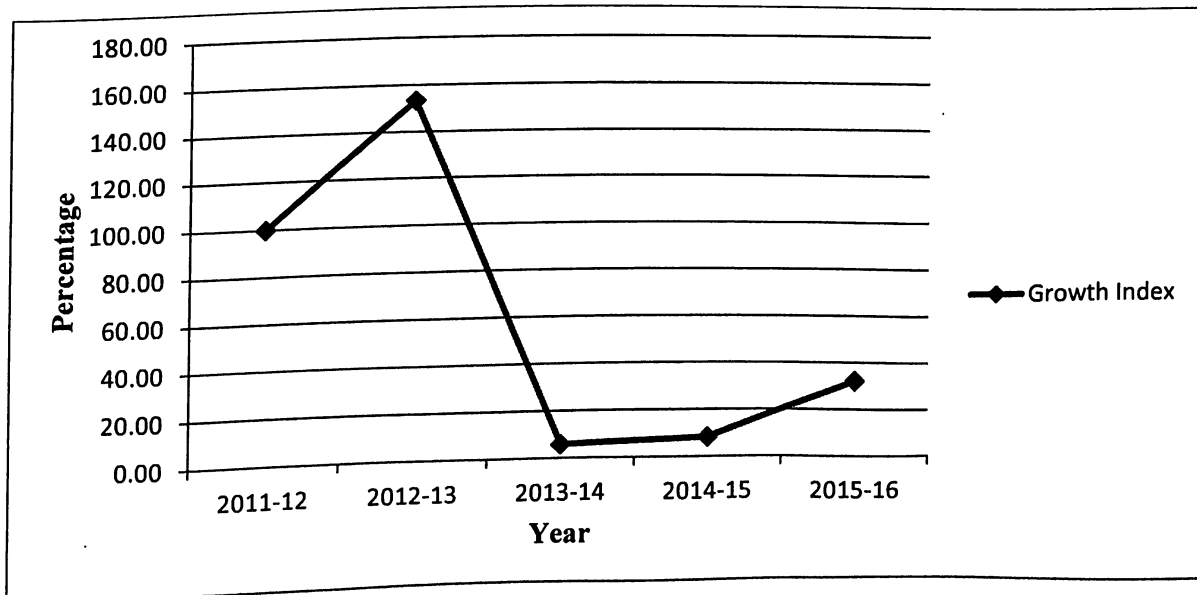
Table 5.6 Loan to Medium Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loan to Medium Enterprises (in crore)	Growth Index
2011-12	56	100
2012-13	86	154
2013-14	3.30	6
2014-15	4.70	8
2015-16	18	32

Source: SLBC statements of SIB

Loans to medium Enterprises also shows a fluctuating trend. During the year 2012-13 loans to medium enterprises was the highest amounting to 86 crores in Thrissur region. From the next year onwards the growth index shows a declining trend. In 2015-16 a slight increase can be seen.

Figure 5.5 Loans to Medium Enterprises of SIB in Thrissur Region from 2011-12 to 2015-16



5.7 Loans to Consumption of SIB

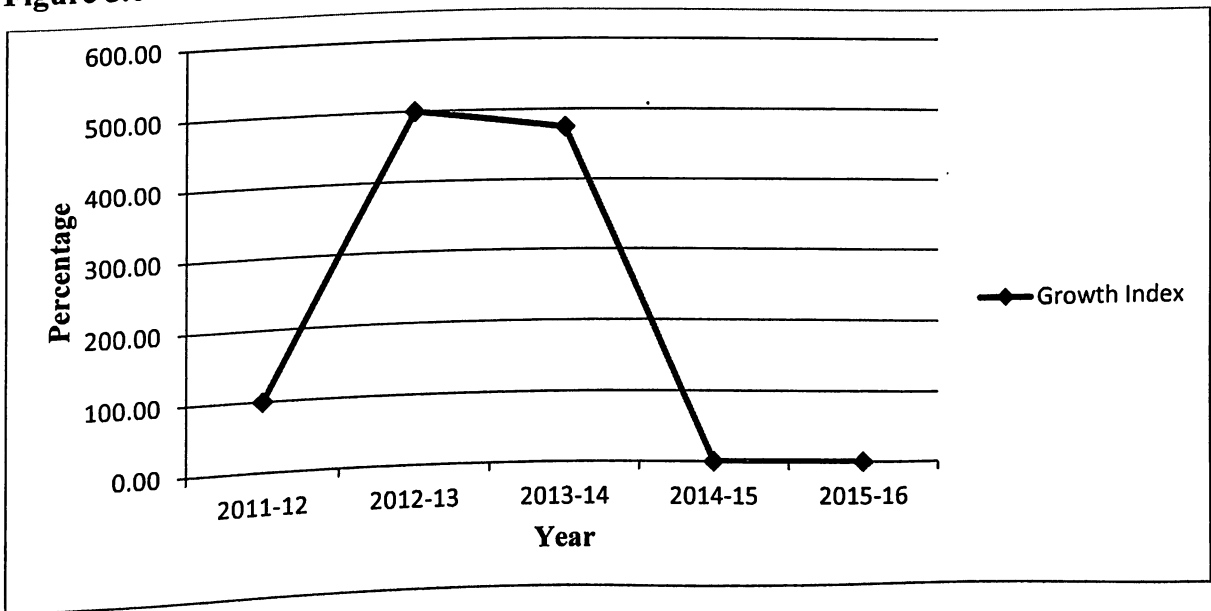
Table 5.7 Loans to Consumption of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Consumption (in crore)	Growth Index
2011-12	2	100
2012-13	10	500
2013-14	9.50	...
2014-15	0	0
2015-16	0	0

Source: SLBC statements of SIB

Table 5.7 and figure 5.6 show the Loans to Consumption. Loans to consumption loans are loans which are given by the bank in order to meet any one time needs rather than on continuous basis. It was zero during the 2 years 2014-15 and 2015-16. The loan amount was highest among the year 2012-13 (₹ 10 crores).

Figure 5.6 Loans to Consumption of SIB in Thrissur Region from 2011-12 to 2015-16



5.8 Educational Loans of SIB

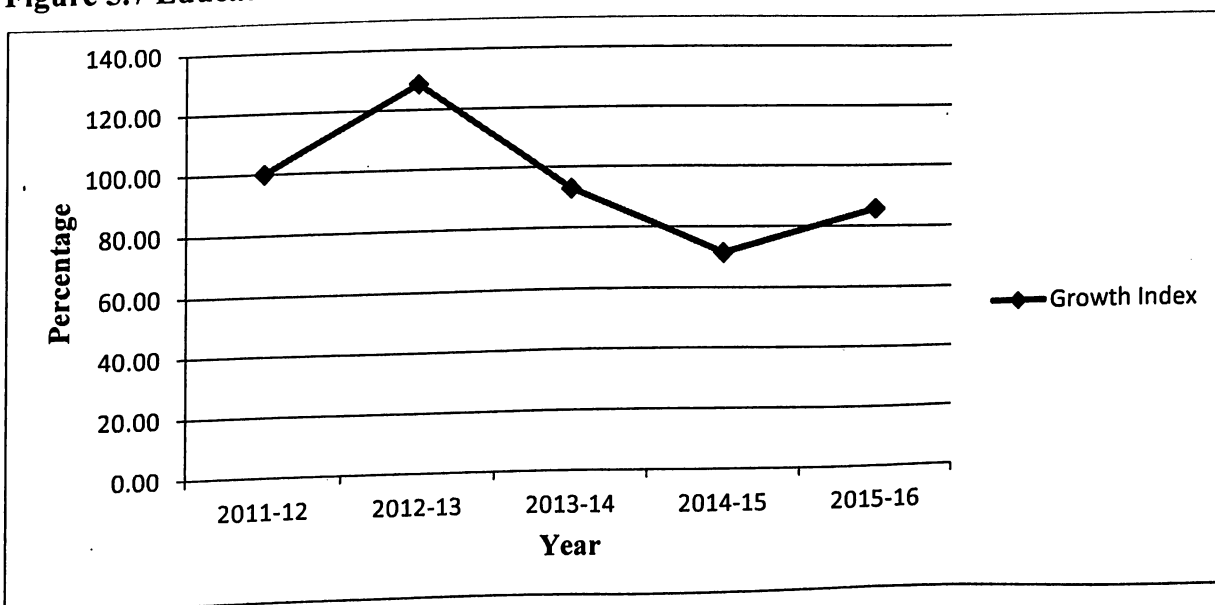
Table 5.8 Educational Loans of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Educational Loans (in crore)	Growth Index
2011-12	1.40	100
2012-13	1.80	129
2013-14	1.30	93
2014-15	1	71
2015-16	1.20	86

Source: SLBC statements of SIB

From the diagram it is evident that Educational Loan amount shows only slight variations over the past 5 years. In the year 2012-13 the loan amount was highest at ₹ 1.80 crores with a growth index of 129 per cent compared to the year 2011-12. After the year 2012-13 there has been decreasing trend in the educational loans which may be because of the longer procedures or may be the poor repayment of educational loans. In the year 2015-16 a slight increase can be seen with a growth rate of 86 per cent from 71 per cent.

Figure 5.7 Educational Loans of SIB in Thrissur Region from 2011-12 to 2015-16



5.9 Housing loans of SIB

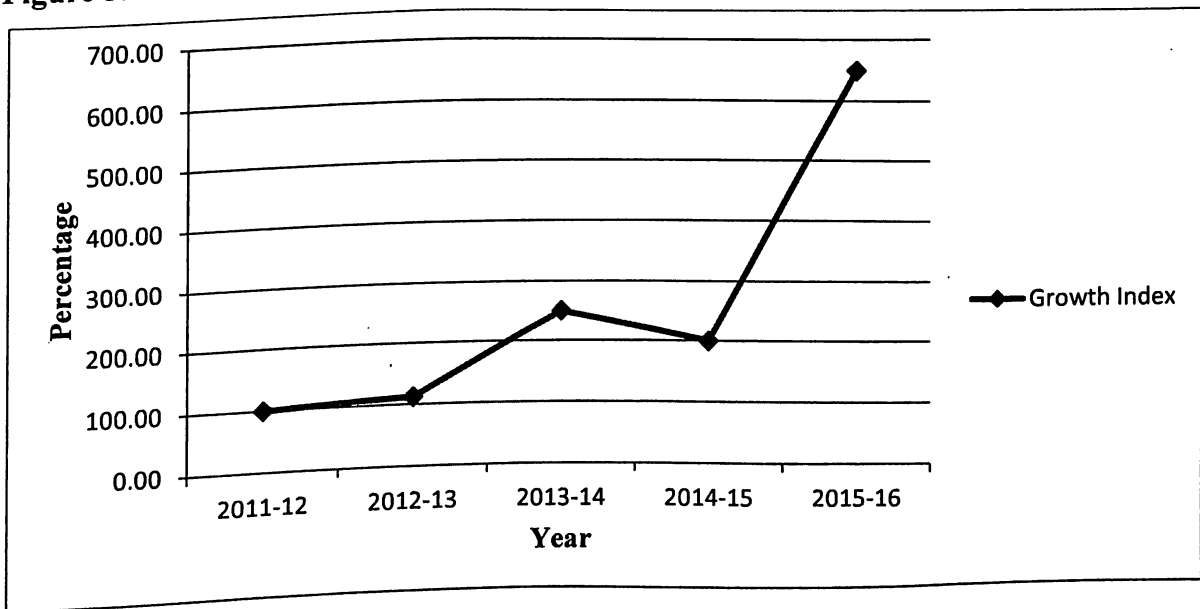
Table 5.9 Housing loans of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Housing loans (in crore)	Growth Index
2011-12	8	100
2012-13	9	113
2013-14	20	250
2014-15	16	200
2015-16	52	650

Source: SLBC statements of SIB

Table 5.9 and Figure 5.8 show Housing loans of SIB in Thrissur region. It shows an increasing trend. Loans were lowest in the year 2011-12 (₹ 8 crores) and highest in the year 2015-16 with a growth rate of 650 per cent. This increase may be due to the lowest rate of interest to Housing loans due to the interest cut by RBI and subsequent demand at greater scale from customers.

Figure 5.8 Housing loans of SIB in Thrissur Region from 2011-12 to 2015-16



5.10 Loans to NGO, SHG, Micro Credit of SIB

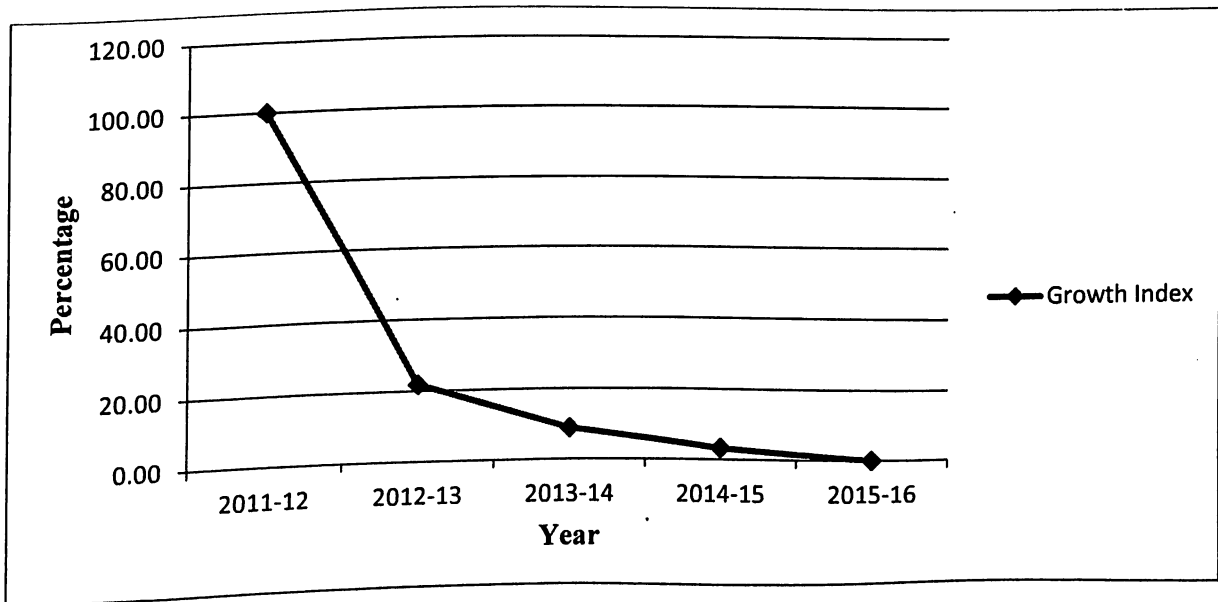
Table 5.10 Loans to NGO, SHG, Micro Credit of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to NGO, SHG, Micro Credit (in crore)	Growth Index
2011-12	8	100
2012-13	1.75	22
2013-14	0.70	9
2014-15	0.25	3
2015-16	0	0

Source: SLBC statements of SIB

Table 5.10 and Figure 5.9 shows Loans to NGO, SHG, Micro Credit during the last 5 years. It shows decreasing trend. During the year 2015-16 there were no allocation of loans to these sectors. This may be due to the poor repayment of the loan amount by the customers.

Figure 5.9 Loans to NGO, SHG, Micro Credit of SIB in Thrissur Region from 2011-12 to 2015-16



5.11 Loans to Social Infrastructure of SIB

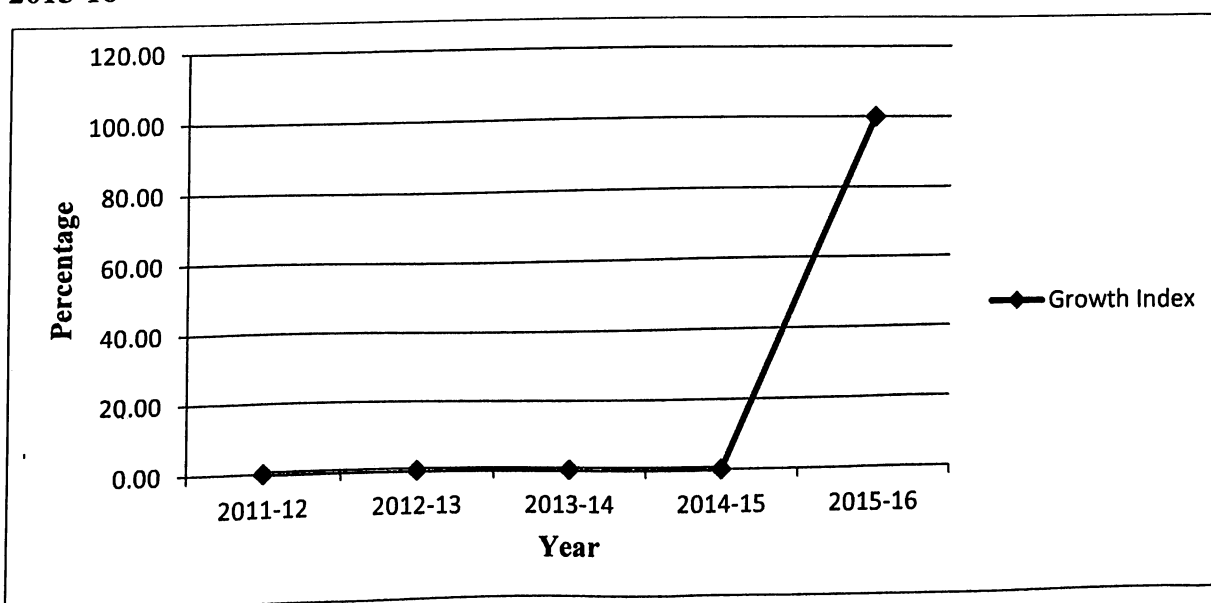
Table 5.11 Loans to Social Infrastructure of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Social Infrastructure (in crores)	Growth Index
2011-12	0.00	0
2012-13	0.00	0
2013-14	0.00	...
2014-15	0.00	0
2015-16	8.50	100

Source: SLBC statements of SIB

Social infrastructure was added in the priority sector category on July 1, 2014 by RBI. Loans for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities comes under loans to social infrastructure. During the year 2015-16 there were ₹ 8.5 crores allocated as loans to social infrastructure by SIB in Thrissur region. Thus the bank is undertaking its social responsibility in most efficient way.

Figure 5.10 Loans to Social Infrastructure of SIB in Thrissur Region from 2011-12 to 2015-16



5.12 Loans to Other Priority of SIB

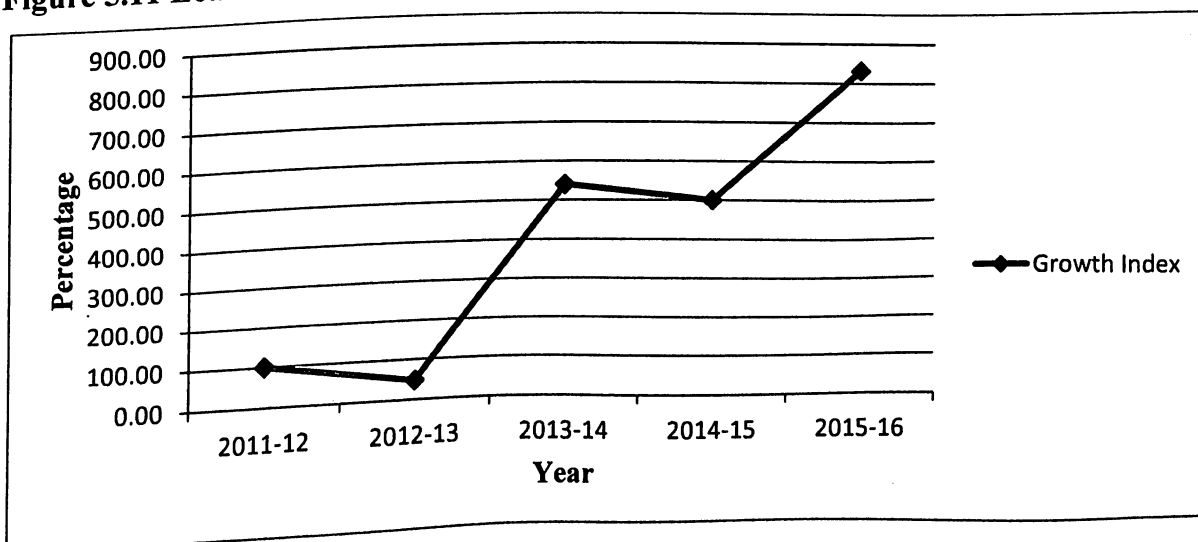
Table 5.12 Loans to Other Priority of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Other Priority (in crore)	Growth Index
2011-12	3.00	100
2012-13	1.45	48
2013-14	16.20	...
2014-15	15.00	500
2015-16	25.00	833

Source: SLBC statements of SIB

Loans to other priority sector includes loans to individuals and their SHG/JLG, loans to distressed persons, Overdrafts under Pradhan Mantri Jan-Dhan Yojana (PMJDY), Loans sanctioned to State Sponsored Organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs and/or the marketing of the outputs of the beneficiaries of these organisations. Other priority sector loans are showing a fluctuating trend. During the year 2012-13 the lowest allocation of loans can be seen to the sector. During the year 2015-16 the maximum loans of ₹ 25 crore has been allocated as other priority sector advances. This may be because of the various additions and schemes like PMJDY by the government of India.

Figure 5.11 Loans to Other Priority of SIB in Thrissur Region from 2011-12 to 2015-16



5.13 Agricultural Loans to Total Priority Sector Advances Ratio

Agricultural Loans to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Agricultural Loans}}{\text{Total Priority Sector Advances}} \times 100$$

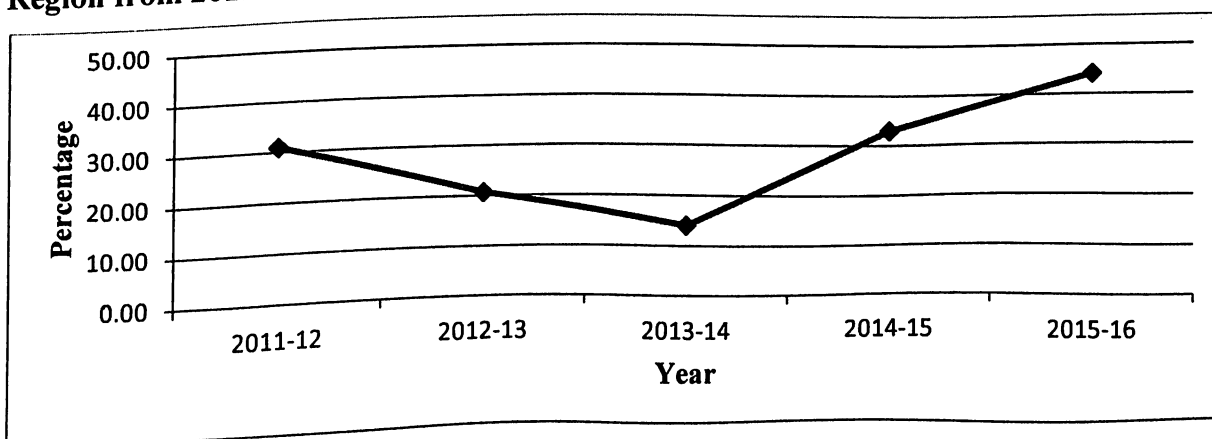
Table 5.13 Agricultural Loans to Total Priority Sector Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Agricultural loans (in crores)	Total Priority Sector Advances (in crores)	Agricultural Loans to Total Priority (in crores)	Growth Index
2011-12	56	180.40	31.04	100.00
2012-13	46	222.00	20.72	66.75
2013-14	87	619.20	14.05	45.27
2014-15	119	360.95	32.97	106.21
2015-16	107	242.90	44.05	141.92
Average	83	325.09	28.57	92.00

Source: SLBC statements of SIB

Table 5.13 and figure 5.12 show the Agricultural loans to Total Priority Sector Advances ratio of SIB from 2011-12 to 2015-16. It shows fluctuating trend during the past 5 years. The ratio was the highest in the year 2015-16 (44.05)

Figure 5.12 Agricultural Loans to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.14 Loans to Small Enterprises to Total Priority Advances Ratio

Loans to Small Enterprises to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Small Enterprises}}{\text{Total Priority Sector Advances}} \times 100$$

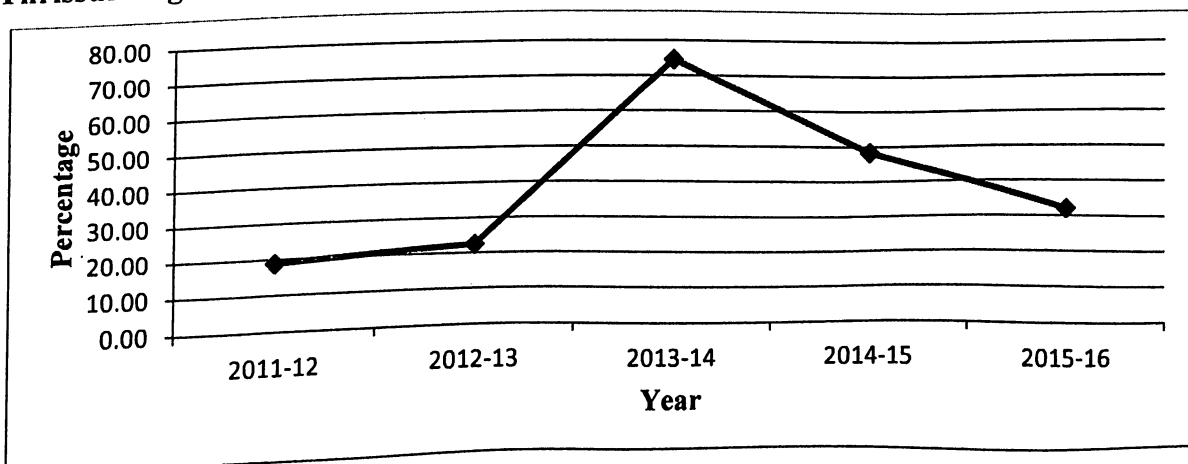
Table 5.14 Loans to Small Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Small Enterprises (in crore)	Total Priority Sector Advances (in crores)	Loans to Small Enterprises to Total Priority	Growth Index
2011-12	34	180.40	18.85	100.00
2012-13	50	222.00	22.52	119.48
2013-14	462	619.20	74.61	395.82
2014-15	175	360.95	48.48	257.21
2015-16	78	242.90	32.11	170.36
Average	159.8	325.09	39.32	209.00

Source: SLBC statements of SIB

Table 5.14 and figure 5.13 shows the loans to Small Enterprises to Total Priority Sector advances ratio of SIB from 2011-12 to 2015-16. It shows a fluctuating trend. Around 75 per cent of the total priority sector advances were given as loans to small enterprises during the year 2013-14 and this is the highest per cent among all the years.

Figure 5.13 Loans to Small Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.15 Loans to Retail Trade to Total Priority Advances Ratio

Loans to Retail Trade to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Retail Trade}}{\text{Total Priority Sector Advances}} \times 100$$

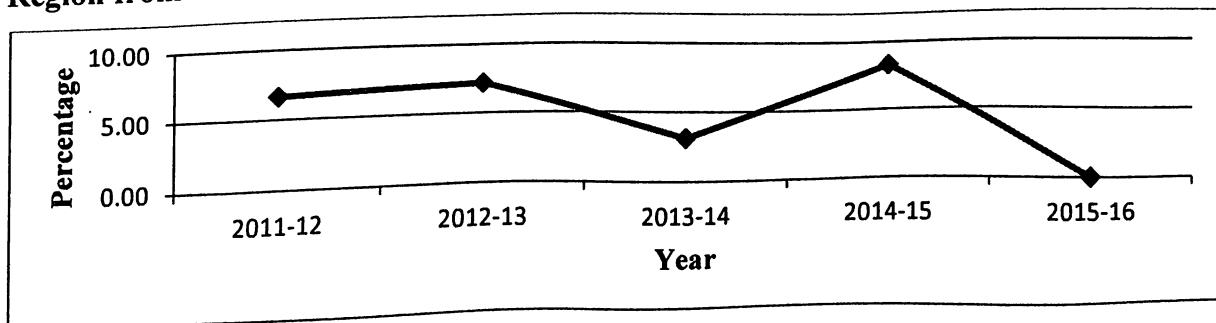
Table 5.15 Loans to Retail Trade to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Retail Trade (in crore)	Total Priority Sector Advances (in crores)	Loans to Retail Trade to Total Priority	Growth Index
2011-12	12	180.40	6.65	100.00
2012-13	16	222.00	7.21	108.38
2013-14	19	619.20	3.10	46.63
2014-15	30	360.95	8.31	124.98
2015-16	0	242.90	0.00	0.00
Average	15.44	325.09	5.05	76.00

Source: SLBC statements of SIB

Table 5.15 and figure 5.14 exhibits the Loans to Retail Trade to Total Priority ratio of SIB for a period of 5 years from 2011-12 to 2015-16. It shows a fluctuating trend. The highest ratio was depicted in the year 2014-15. Around 9 per cent of the total priority advances were given as loans to retail trade during 2014-15. No data regarding loans to retail trade were available in the year 2015-16.

Figure 5.14 Loans to Retail Trade to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.16 Loans to Medium Enterprises to Total Priority Advances Ratio

Loans to Medium Enterprises to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Medium Enterprises}}{\text{Total Priority Sector Advances}} \times 100$$

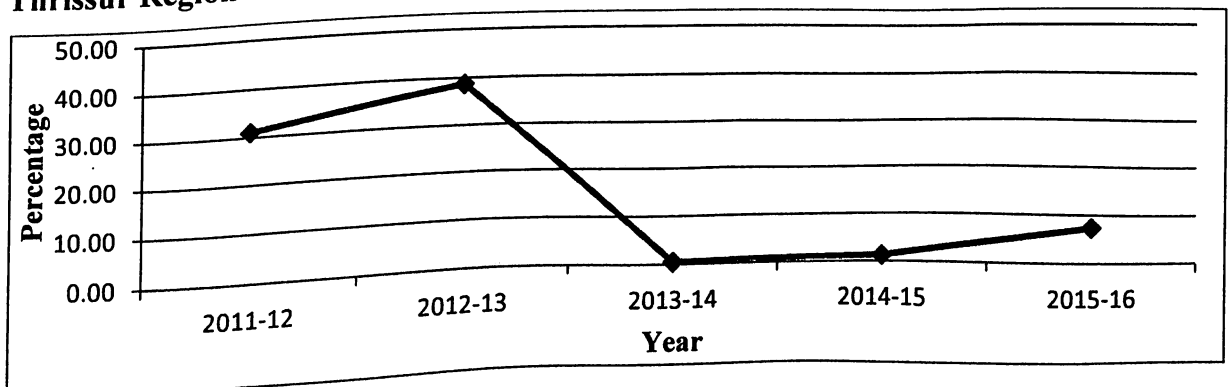
Table 5.16 Loans to Medium Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loan to Medium Enterprises (in crore)	Total Priority Sector Advances (in crores)	Loans to Medium Enterprises to Total Priority	Growth Index
2011-12	56	180.40	31.04	100.00
2012-13	86	222.00	38.74	124.96
2013-14	3.30	619.20	0.53	1.72
2014-15	4.70	360.95	1.30	4.20
2015-16	18	242.90	7.41	23.90
Average	33.6	325.09	15.80	51.00

Source: SLBC statements of SIB

From the table 5.16 and figure 5.15 it is evident that Loans to medium enterprises to total priority advances ratio shows a fluctuating trend. The ratio was the minimum in the year 2013-14 (0.53 per cent) and maximum in the year 2012-13 (38.74 per cent).

Figure 5.15 Loans to Medium Enterprises to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.17 Loans to Consumption to Total Priority Advances Ratio

Loans to Consumption to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Consumption}}{\text{Total Priority Sector Advances}} \times 100$$

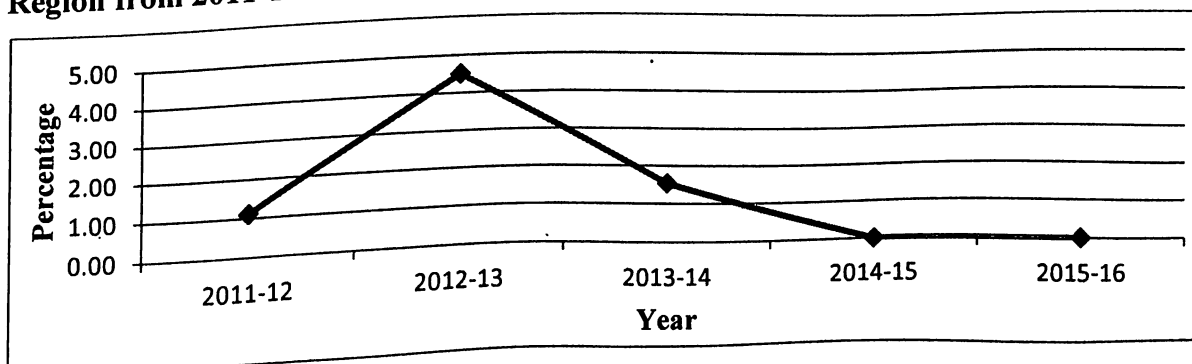
Table 5.17 Loans to Consumption to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Consumption (in crore)	Total Priority Sector Advances (in crores)	Loans to Consumption to Total Priority	Growth Index
2011-12	2	180.40	1.11	100.00
2012-13	10	222.00	4.50	405.81
2013-14	9.50	619.20	1.53	138.22
2014-15	0	360.95	0.00	0.00
2015-16	0	242.90	0.00	0.00
Average	4.3	325.09	1.42	129.00

Source: SLBC statements of SIB

From the table 5.17 and figure 5.16 it is evident that the loans to consumption to total priority sector advances during 2011-2014 shows a fluctuating trend. There were no loans to consumption during the years 2014-15 and 2015-16 as it has been removed from the priority sector categories by RBI. So the ratio for the two years is also zero.

Figure 5.16 Loans to Consumption to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



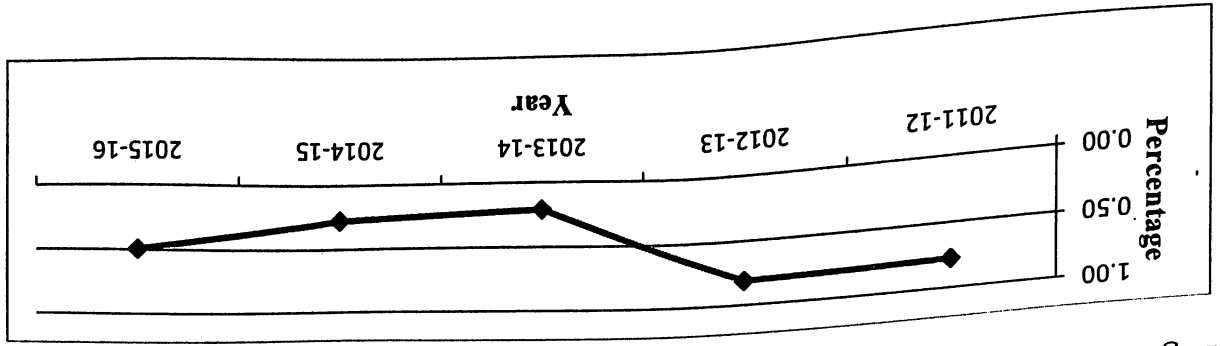


Figure 5.17 Educational Loans to Total Priority Advances Ratio of SIB in Thirissur Region from 2011-12 to 2015-16

Table 5.18 and Figure 5.19 shows the fluctuating trend of educational loans to total priority advances ratio. 0.81 per cent of the total priority advances were given as educational loans by SIB during the year 2012-13 and this was the highest among the last 5 years. In the year 2013-14 it decreased to 0.21 per cent. A slight increase in the ratio can be seen in the next two years i.e. 2014-15 and 2015-16.

Source: SLBC statements of SIB

Year	Educational Loans (in crore)	Total Priority Sector Advances (in crores)	Educational Loans to Total Priority	Growth Index
2011-12	1.40	180.40	0.78	100.00
2012-13	1.80	222.00	0.81	103.95
2013-14	1.30	619.20	0.21	26.92
2014-15	1	360.95	0.28	35.52
2015-16	1.20	242.90	0.49	63.34
Average	1.34	325.09	0.51	66.00

Table 5.18 Educational Loans to Total Priority Advances Ratio of SIB in Thirissur Region from 2011-12 to 2015-16

$$\text{Educational Loans to Total Priority Advances Ratio} = \frac{\text{Educational Loans}}{\text{Total Priority Sector Advances}} \times 100$$

formula:

Educational Loans to Total Priority Sector Advances Ratio can be calculated using the

5.18 Educational Loans to Total Priority Advances Ratio

5.19 Housing loans to Total Priority Ratio

Housing loans to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Housing loans}}{\text{Total Priority Sector Advances}} \times 100$$

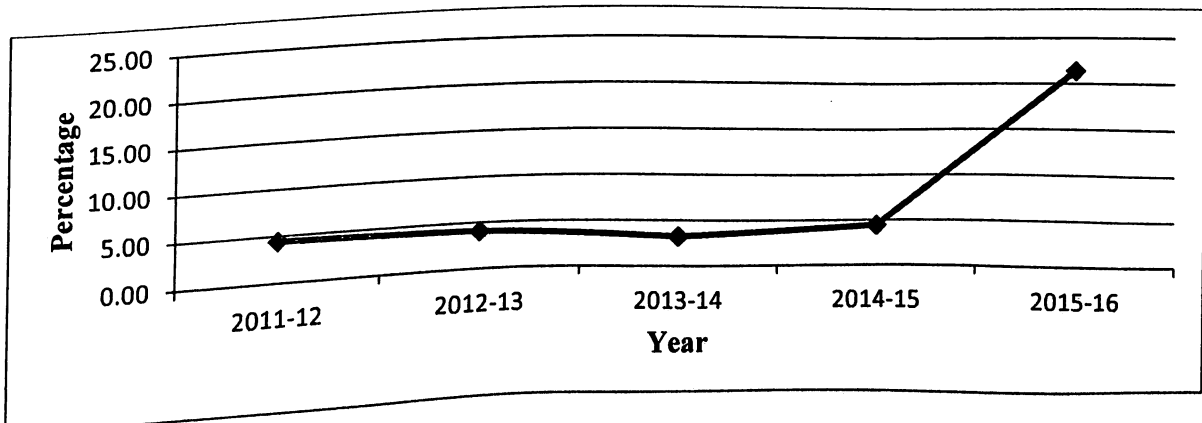
Table 5.19 Housing loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Housing loans (in crore)	Total Priority Sector Advances (in crores)	Housing loans to Total Priority	Growth Index
2011-12	8	180.40	4.43	100.00
2012-13	9	222.00	4.05	91.51
2013-14	20	619.20	3.23	72.91
2014-15	16	360.95	4.43	100.06
2015-16	52	242.90	21.4	483.3
Average	21	352.09	3.66	169.54

Source: SLBC statements of SIB

Table 5.19 and Figure 5.18 show Housing loans to Total Priority Ratio of SIB in Thrissur region. It also shows a fluctuating trend. During the years 2013-14 the ratio was 3.23 per cent and this is the lowest among all. During the year 2015-16 only 21.4 per cent of the total priority advances were given as Housing loans and this is the highest ratio.

Figure 5.18 Housing loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.20 Loans to NGO, SHG, Micro Credit to Total Priority Advances Ratio

Loans to NGO, SHG, Micro Credit to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to NGO, SHG, Micro Credit}}{\text{Total Priority Sector Advances}} \times 100$$

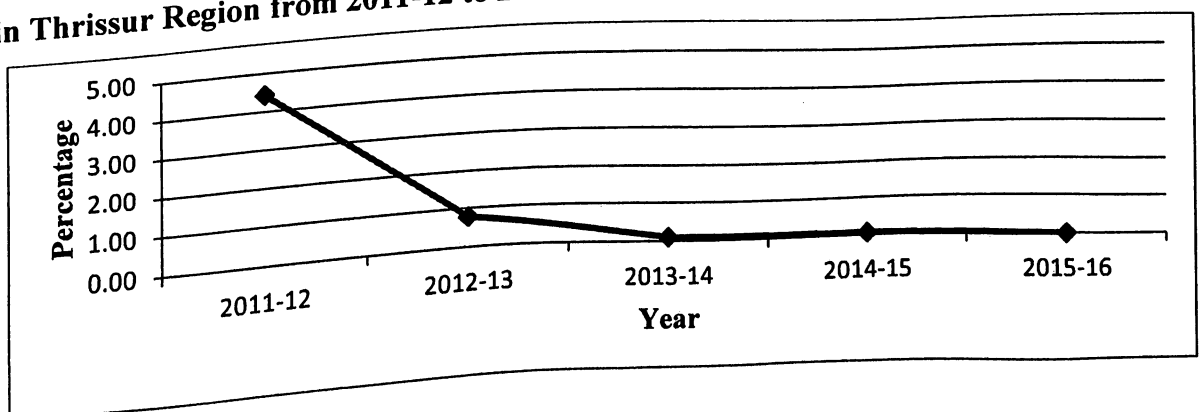
Table 5.20 Loans to NGO, SHG, Micro Credit to Total Priority Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to NGO, SHG, Micro Credit (in crore)	Total Priority Sector Advances (in crores)	Loans to NGO, SHG, Micro Credit to Total Priority Advances	Growth Index
2011-12	8	180.40	4.43	100.00
2012-13	1.75	222.00	0.79	17.79
2013-14	0.70	619.20	0.11	2.55
2014-15	0.25	360.95	0.07	1.56
2015-16	0	242.90	0.00	0.00
Average	2.14	325.09	1.08	24.38

Source: SLBC statements of SIB

Table 5.20 and Figure 5.19 show loans to NGO, SHG, and Micro Credit to Total Priority Advances Ratio. It shows a declining trend. No data in this regard are available for the year 2015-16.

Figure 5.19 Loans to NGO, SHG, Micro Credit to Total Priority advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.21 Loans to Social infrastructure to Total Priority Ratio

Loans to Social infrastructure to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Social infrastructure}}{\text{Total Priority Sector Advances}} \times 100$$

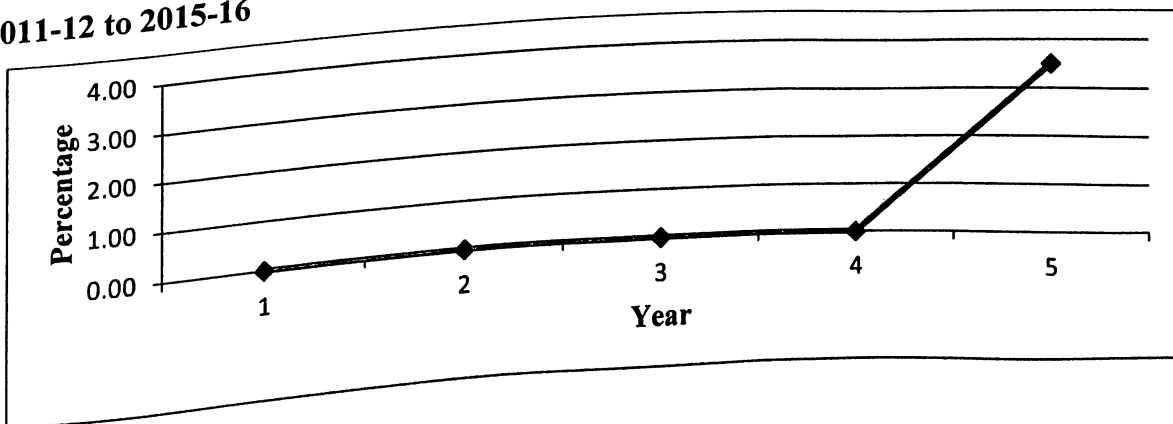
Table 5.21 Loans Social infrastructure to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Social Infrastructure (in crores)	Total Priority Sector Advances (in crores)	Social Infrastructure to Total Priority	Growth Index
2011-12	0.00	180.40	0.00	0.00
2012-13	0.00	222.00	0.00	0.00
2013-14	0.00	619.20	0.00	0.00
2014-15	0.00	360.95	0.00	0.00
2015-16	8.50	242.90	3.50	100.00
Average		325.09		100.00

Source: SLBC statements of SIB

Social infrastructure was added in the priority sector category on July 1, 2014. So the loans were allocated in the year 2015-16 and it was 3.5 per cent of the Total Priority Advances.

Figure 5.20 Social infrastructure to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.22 Other Priority Sector Loans to Total Priority Ratio

Other Priority Sector Loans to Total Priority Sector Advances Ratio can be calculated using the formula:

$$\frac{\text{Other Priority Sector Loans}}{\text{Total Priority Sector Advances}} \times 100$$

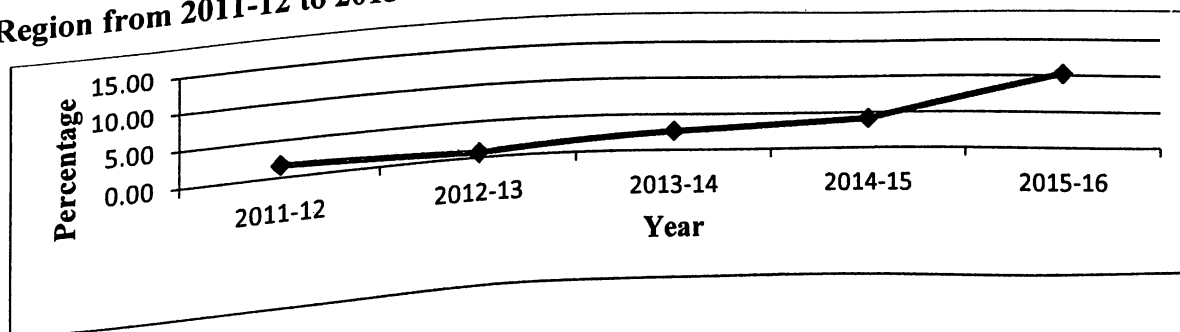
Table 5.22 Other Priority Sector Loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Other Priority (in crore)	Total Priority Sector Advances (in crores)	Other Priority Sector Loans to Total Priority Advances	Growth Index
2011-12	3.00	180.40	1.66	100.00
2012-13	1.45	222.00	0.65	39.35
2013-14	16.20	619.20	2.62	157.61
2014-15	15.00	360.95	4.16	250.34
2015-16	25.00	242.90	10.29	620.02
Average	12.13	325.09	3.87	233.46

Source: SLBC statements of SIB

Table 5.23 and Figure 5.22 shows other priority sector loans to total priority advances of SIB in Thrissur region over the past 5 years. The ratio shows an increasing trend. The ratio was the highest in the year 2015-16 (10.29). It increased at a growth rate of 620.02 per cent when compared to 2011-12.

Figure 5.21 Other Priority Sector Loans to Total Priority Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.23 Total Priority Sector Loans to Total Advances Ratio

Total Priority Sector Loans to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Total Priority Sector Loans}}{\text{Total Advances}} \times 100$$

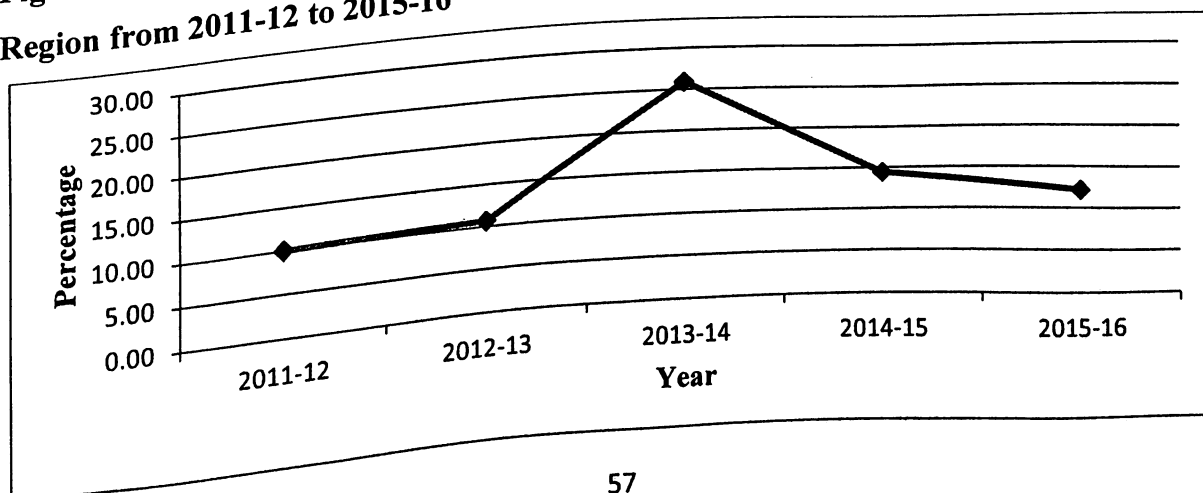
Table 5.23 Total Priority Sector Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Total Priority Sector Advances (in crores)	Total Advances (in crores)	Total Priority Sector Loans to Total Advances	Growth Index
2011-12	180.40	1800.00	10.02	100.00
2012-13	222.00	2090.00	10.62	106.01
2013-14	619.20	2390.00	25.91	258.56
2014-15	360.95	2500.00	14.44	144.09
2015-16	242.90	2000.00	12.15	121.21
Average	325.09	2156.00	14.63	145.97

Source: SLBC statements of SIB

From the Table 5.23 and Figure 5.22 it is clear that the total priority sector loans to total advances ratio of the bank shows a fluctuating trend. The ratio was at the highest in the year 2013-14, 25.91 per cent of the Total advances were given to priority sector in the year. The lowest ratio was in the year 2011-12 (10.02 per cent).

Figure 5.22 Total Priority Sector Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.24 Agricultural Loans to Total advances Ratio

Agricultural Loans to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Agricultural Loans}}{\text{Total Advances}} \times 100$$

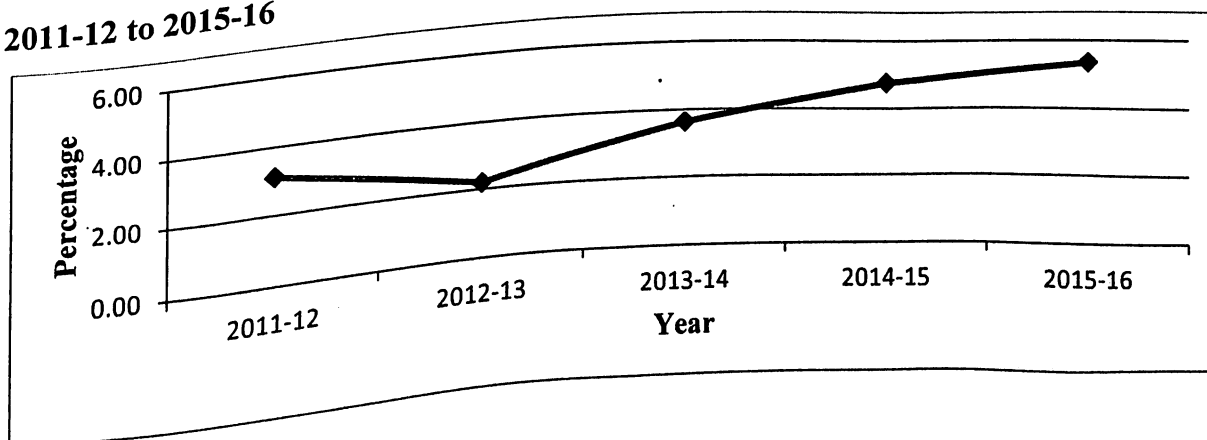
Table 5.24 Agricultural Loans to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Agricultural loans (in crores)	Total Advances (in crores)	Agricultural Loans to Total advances	Growth Index
2011-12	56	1800.00	3.11	100.00
2012-13	46	2090.00	2.20	70.77
2013-14	87	2390.00	3.64	117.05
2014-15	119	2500.00	4.76	153.05
2015-16	107	2000.00	5.35	172.03
Average	83	2156.00	3.81	122.57

Source: SLBC statements of SIB

Table 5.24 and Figure 5.23 show the agricultural loans to total advances ratio. In the year 2012-13 the ratio decreased from 3.11 per cent of the year 2011-12 to 2.20 per cent. But in the next three years it shows an increasing trend. The ratio was the highest in the year 2015-16. During the year 5.35 per cent of the total advances were given as agricultural loans.

Figure 5.23 Agricultural Loans to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.25 Loans to Small Enterprises to Total Advances Ratio

Loans to Small Enterprises to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Small Enterprises}}{\text{Total Advances}} \times 100$$

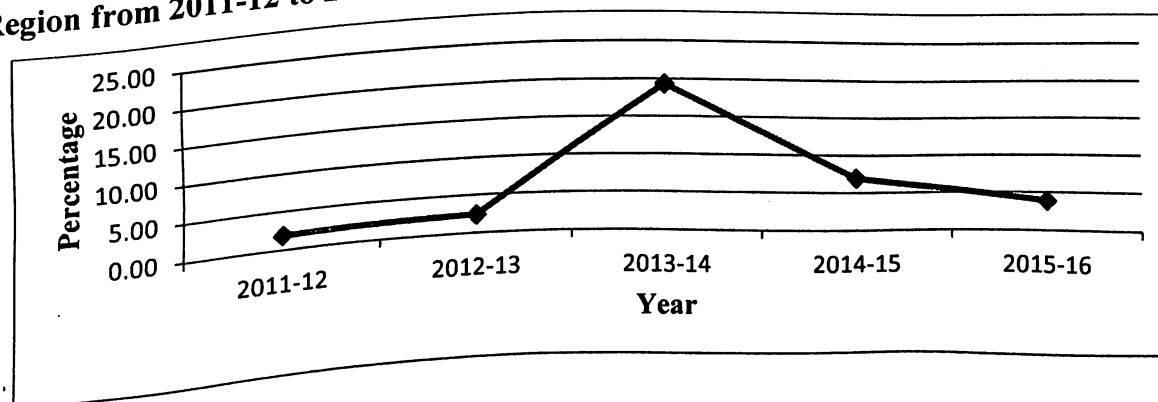
Table 5.25 Loans to Small Enterprises to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Small Enterprises (in crore)	Total Advances (in crores)	Loans to Small Enterprises to Total Advances	Growth Index
2011-12	34	1800.00	1.89	100.00
2012-13	50	2090.00	2.39	126.58
2013-14	462	2390.00	19.33	1022.78
2014-15	175	2500.00	7.00	370.37
2015-16	78	2000.00	3.90	206.35
Average	159.8	2156.00	7.00	365.21

Source: SLBC statements of SIB

From the table 5.25 and figure 5.24 it is evident that loans to small enterprises to total advances ratio shows a fluctuating trend. The ratio was highest in the year 2013-14 (19.33 per cent).

Figure 5.24 Loans to Small Enterprises to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.26 Loans to Retail Trade to Total Advances Ratio

Loans to Retail Trade to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Retail Trade}}{\text{Total Advances}} \times 100$$

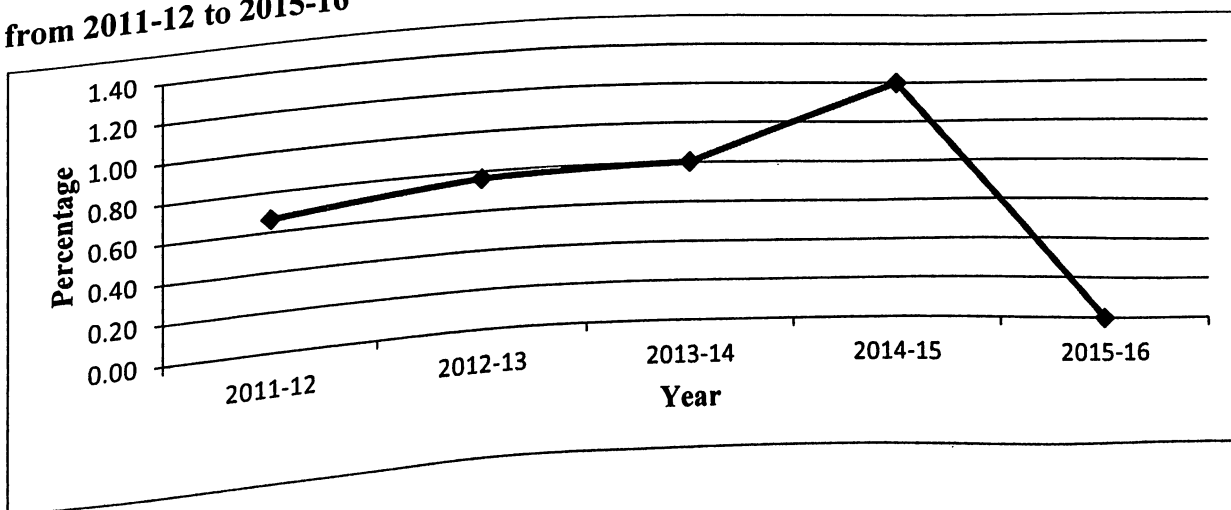
Table 5.26 Loans to Retail Trade to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Retail Trade (in crore)	Total Advances (in crores)	Loans to Retail Trade to Total Advances	Growth Index
2011-12	12	1800.00	0.67	100.00
2012-13	16	2090.00	0.77	114.26
2013-14	19	2390.00	0.80	119.90
2014-15	30	2500.00	1.20	179.10
2015-16	0	2000.00	0.00	0.00
Average	15.44	2156.00	0.69	102.65

Source: SLBC statements of SIB

From the Table 5.26 and Figure 5.25 it is evident that loans to retail trade to total advances ratio shows a increasing trend up to 2014-15. Highest ratio was shown in the year 2014-15 (1.20 per cent). In the year 2015-16 there were no allocation of loans to this sector. Hence, the ratio is zero.

Figure 5.25 Loans to Retail Trade to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.27 Loans to Medium Enterprises to Total Advances ratio

Loans to Medium Enterprises to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Medium Enterprises}}{\text{Total Advances}} \times 100$$

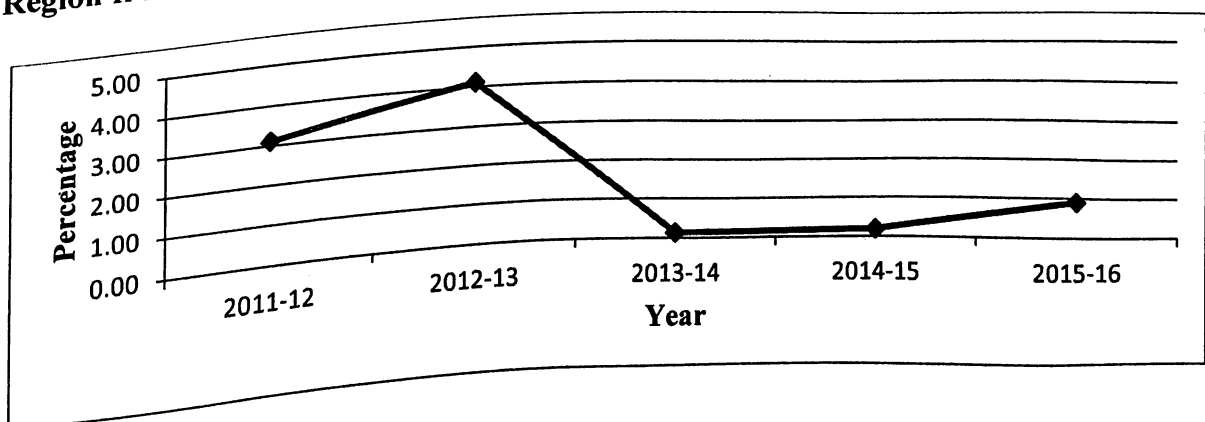
Table 5.27 Loans to Medium Enterprises to Total Advances ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loan to Medium Enterprises (in crore)	Total Advances (in crores)	Loans to Medium Enterprises to Total Advances	Growth Index
2011-12	56	1800.00	3.11	100.00
2012-13	86	2090.00	4.11	132.31
2013-14	3.30	2390.00	0.14	4.44
2014-15	4.70	2500.00	0.19	6.05
2015-16	18	2000.00	0.90	28.94
Average	33.6	2156.00	1.69	54.34

Source: SLBC statements of SIB

Loans to medium enterprises to total advances ratio shows a fluctuating trend. The ratio was the highest in the year 2012-13 (4.11 per cent) and lowest in the year 2013-14 (0.14 per cent)

Figure 5.26 Loans to Medium Enterprises to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.28 Loans to Consumption to Total advances Ratio

Loans to Consumption to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to Consumption}}{\text{Total Advances}} \times 100$$

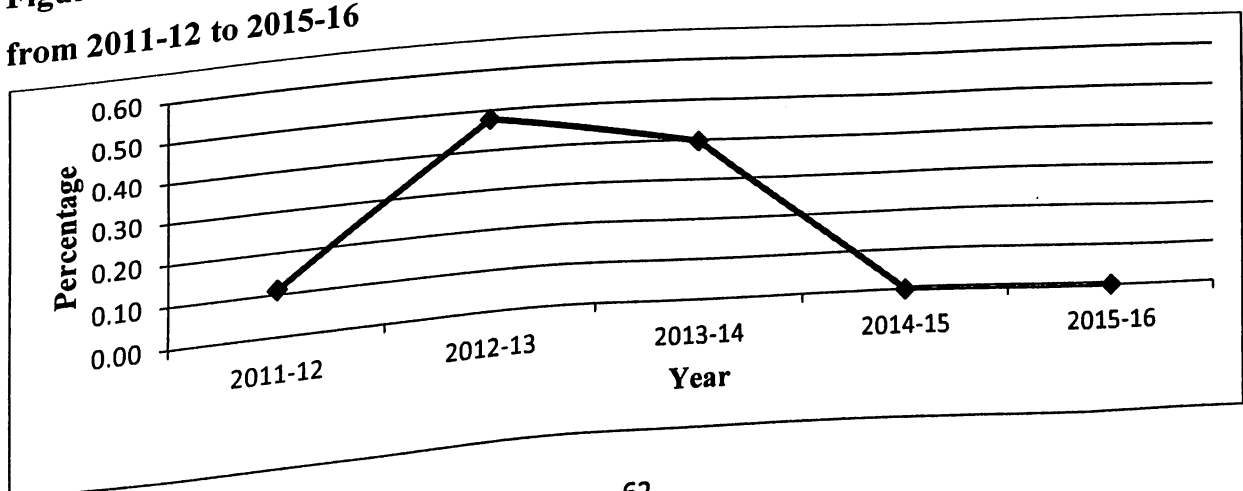
Table 5.28 Loans to Consumption to Total advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Consumption (in crore)	Total Advances (in crores)	Loans to Consumption to Total advances	Growth Index
2011-12	2	1800.00	0.11	100.00
2012-13	10	2090.00	0.48	434.97
2013-14	9.50	2390.00	0.40	361.35
2014-15	0	2500.00	0.00	0.00
2015-16	0	2000.00	0.00	0.00
Average	4.3	2156.00	0.20	179.26

Source: SLBC statements of SIB

From the table 5.28 and figure 5.27 it is evident that the loans to consumption to total advances show a fluctuating trend. The highest ratio was in the year 2012-13 (0.48). There were no data available regarding loans to consumption during the years 2014-15 and 2015-16, So the ratio for the two years is also zero.

Figure 5.27 Loans to Consumption to Total advances ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.29 Educational Loans to Total Advances Ratio

Educational Loans to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Educational Loans}}{\text{Total Advances}} \times 100$$

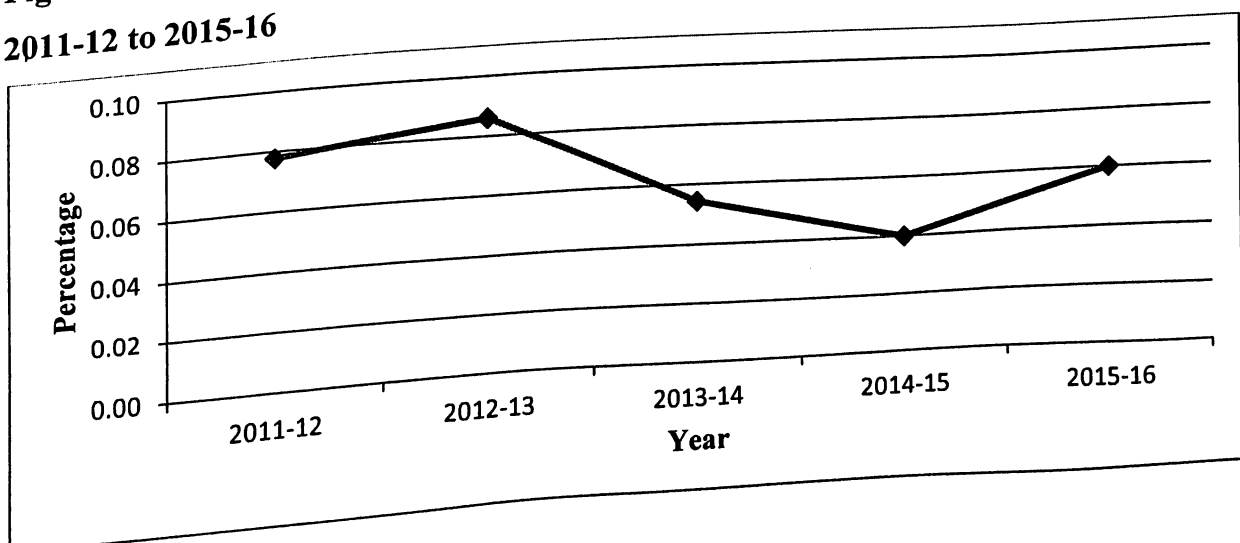
Table 5.29 Educational Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Educational Loans (in crore)	Total Advances (in crores)	Educational Loans to Total Advances	Growth Index
2011-12	1.40	1800.00	0.08	100.00
2012-13	1.80	2090.00	0.09	107.66
2013-14	1.30	2390.00	0.05	67.99
2014-15	1	2500.00	0.04	50.00
2015-16	1.20	2000.00	0.06	75.00
Average	1.34	2156.00	0.06	80.12

Source: SLBC statements of SIB

Table 5.29 and Figure 5.28 show educational loans to total advances ratio. It shows a fluctuating trend. The highest ratio was in the year 2012-13 (0.09 per cent). The lowest ratio was depicted in the year 2014-15 (0.04 per cent).

Figure 5.28 Educational Loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.30 Housing loans to Total Advances Ratio

Housing loans to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Housing loans}}{\text{Total Advances}} \times 100$$

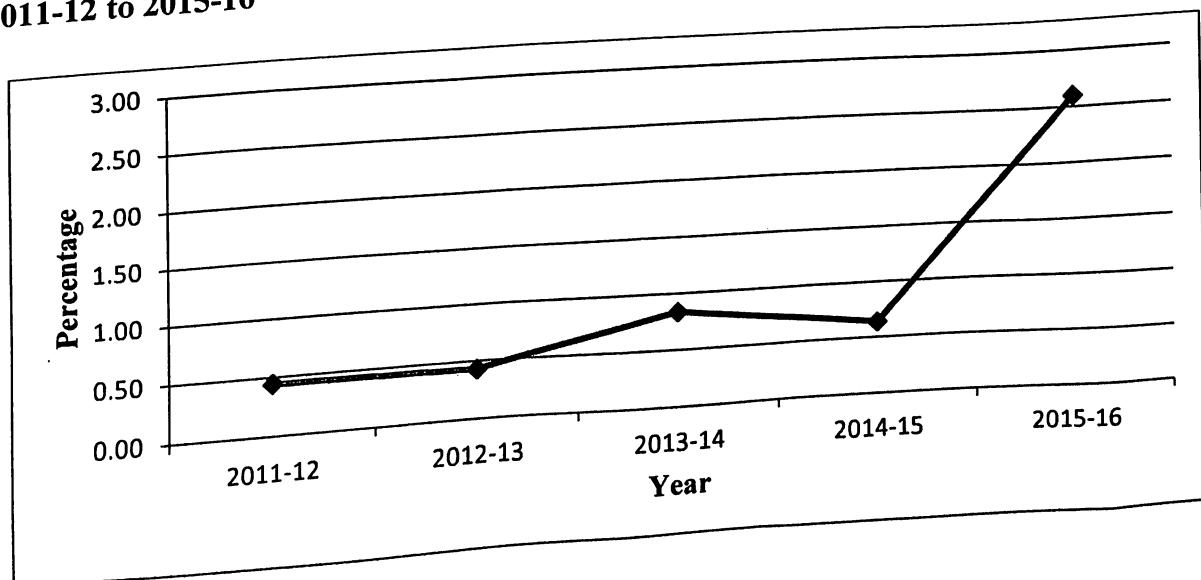
Table 5.30 Housing loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Housing loans (in crore)	Total Advances (in crores)	Housing loans to Total Advances	Growth Index
2011-12	8	1800.00	0.44	100.00
2012-13	9	2090.00	0.43	97.87
2013-14	20	2390.00	0.84	190.19
2014-15	16	2500.00	0.64	145.45
2015-16	52	2000.00	2.6	590.9
Average	21	2156.00	0.99	224.88

Source: SLBC statements of SIB

The above table and figure reveals the Housing loans to total advances ratio. It shows a fluctuating trend. The ratio was the highest in the year 2015-16 (2.6 per cent) and lowest in the year 2012-13 (0.43 per cent).

Figure 5.29 Housing loans to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.31 Loans to NGO, SHG, Micro credit to Total Advances Ratio

Loans to NGO, SHG, Micro credit to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Loans to NGO, SHG, Micro credit}}{\text{Total Advances}} \times 100$$

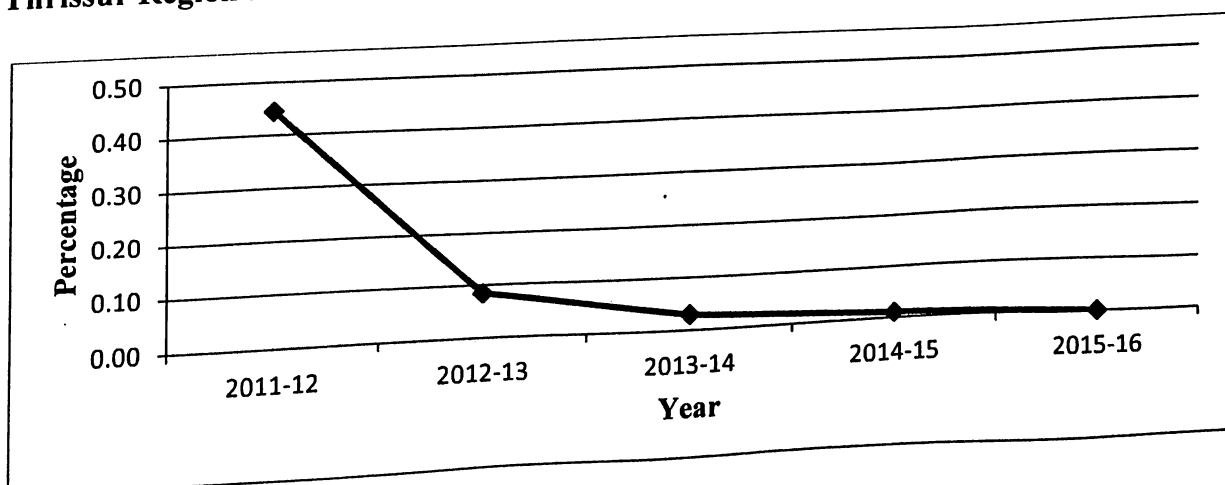
Table 5.31 Loans to NGO, SHG, Micro credit to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to NGO, SHG, Micro Credit (in crore)	Total Advances (in crores)	Loans to NGO, SHG, Micro credit to Total Advances Ratio	Growth Index (in %)
2011-12	8	1800.00	0.44	100.00
2012-13	1.75	2090.00	0.08	19.03
2013-14	0.70	2390.00	0.03	6.66
2014-15	0.25	2500.00	0.01	2.27
2015-16	0	2000.00	0.00	0.00
Average	2.14	2156.00	0.11	25.59

Source: SLBC statements of SIB

From the table 5.31 and figure 5.30 it is evident that the loans to NGO, SHG, micro credit to Total advances ratio shows a decreasing trend.

Figure 5.30 Loans to NGO, SHG, Micro credit to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



5.32 Social infrastructure to Total Advances Ratio

Social infrastructure to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Social infrastructure}}{\text{Total Advances}} \times 100$$

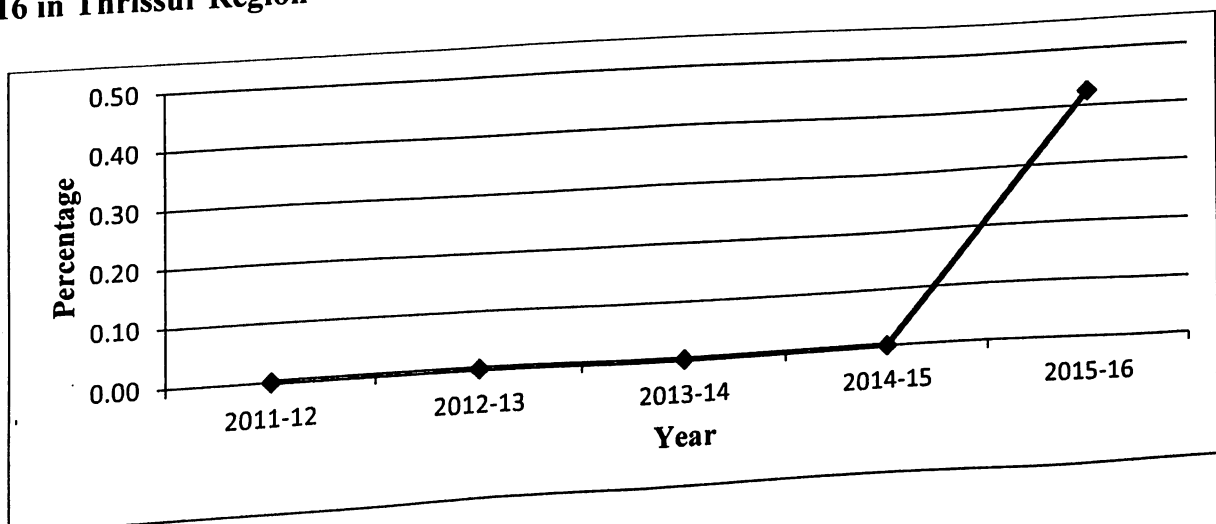
Table 5.32 Social infrastructure to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Social Infrastructure (in crores)	Total Advances (in crores)	Social infrastructure to total advances Ratio	Growth Index
2011-12	0.00	1800.00	0.00	0.00
2012-13	0.00	2090.00	0.00	0.00
2013-14	0.00	2390.00	0.00	0.00
2014-15	0.00	2500.00	0.00	0.00
2015-16	8.50	2000.00	0.43	100.00
Average		2156.00		

Source: SLBC statements of SIB

Social infrastructure was added in the priority sector category on July 1, 2014. So the loans were allocated in the year 2015-16 and it was 0.43 per cent of the Total Advances.

Figure 5.31 Social infrastructure to Total advances Ratio of SIB from 2011-12 to 2015-16 in Thrissur Region



5.33 Other priority Advances to Total Advances Ratio

Other priority Advances to Total Advances Ratio can be calculated using the formula:

$$\frac{\text{Other priority Advances}}{\text{Total Advances}} \times 100$$

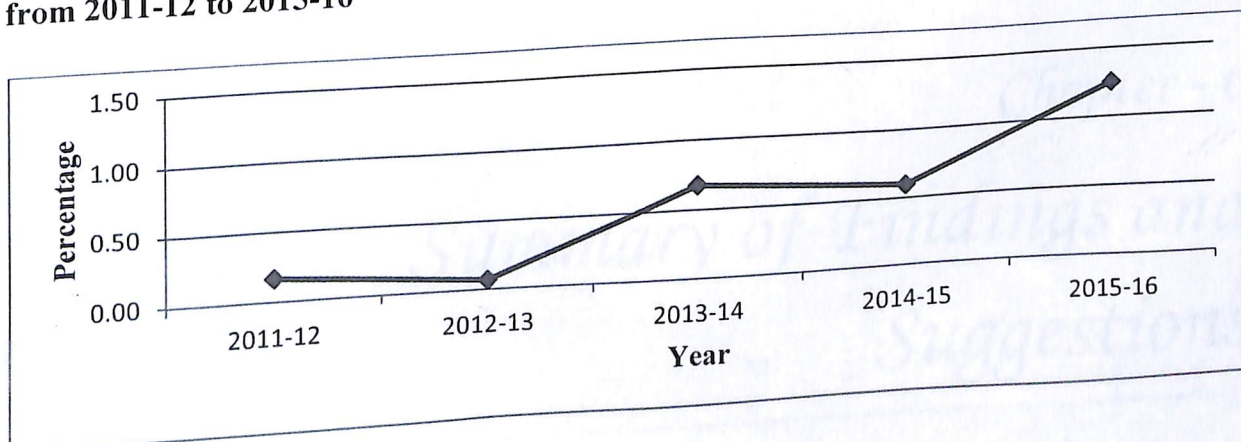
Table 5.33 Other priority Advances to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16

Year	Loans to Other Priority (in crore)	Total Advances (in crores)	Other priority Advances to Total Advances Ratio	Growth Index (in %)
2011-12	3.00	1800.00	0.17	100.00
2012-13	1.45	2090.00	0.07	40.81
2013-14	16.20	2390.00	0.68	398.72
2014-15	15.00	2500.00	0.60	352.94
2015-16	25.00	2000.00	1.25	735.29
Average	12.13	2156.00	0.55	325.55

Source: SLBC statements of SIB

Table 5.33 and Figure 5.32 show other priority advances to total advances ratio. It also shows a fluctuating trend. 1.25 per cent of the total advances were given as loans to other priority sector during the year 2015-16 and it was the highest ratio among the 5 years.

Figure 5.32 Other priority Advances to Total Advances Ratio of SIB in Thrissur Region from 2011-12 to 2015-16



Chapter - 6

*Summary of Findings and
Suggestions*

Chapter - 5

SUMMARY OF FINDINGS, SUGGESTIONS, AND CONCLUSION

From the analysis dealt in the previous chapter the researcher has found out the following.

5.1 Findings

1. The Total advances and Non PSL advances shows a positive relationship. The growth index of total advances and non –PSL advances shows a similar trend. Through this we can conclude that the Total advances are affected by the non- PSL advances than the PSL advances.
2. Agricultural loans shows fluctuating trend. Higher growth in credit to agriculture may be attributed to the expected better kharif crop which has been announced by the Ministry of Agriculture. In the year 2012-13 the agriculture output was dented by deficient rainfall that impacted kharif crop.
3. Loans to Small Enterprises shows a fluctuating trend. Even though the loans show a fluctuating trend, the growth index have increased to 229 per cent in the year 2015-16 which is a good sign.
4. Loans to consumption were zero during the 2 years 2014-15 and 2015-16. Because loans to consumption is given to cater one time needs rather than on continuous basis.
5. Educational Loan amount shows only slight variations over the past 5 years. In the year 2012-13 the loan amount was highest at ₹ 1.80 crores with a growth index of 129 per cent compared to the year 2011-12. In the year 2015-16 the growth rate have been decreased to 86 per cent. After the year 2012-13 there has been declining trend in the educational loans which may be because of the longer procedures or may be the poor repayment of educational loans.
6. Housing loans show an increasing trend. Loans were lowest in the year 2011-12 (₹ 8 crores) and highest in the year 2015-16 with a growth rate of 650 per cent. This increase may be due to the lowest rate of interest to Housing loans due to the interest cut by RBI and subsequent demand at greater scale from customers.
7. Social infrastructure was added in the priority sector category on July 1, 2014 by RBI. Loans for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities comes under loans to social infrastructure. During the year 2015-16 there were ₹ 8.5 crores allocated as loans to

social infrastructure by SIB in Thrissur region. Thus the bank is undertaking its social responsibility in most efficient way.

8. Other priority sector loans are showing a fluctuating trend. During the year 2012-13 the lowest allocation of loans can be seen to the sector. During the year 2015-16 the maximum loans of ₹ 25 crore has been allocated as other priority sector advances. The growth rate during the year has tremendously increased to 855 per cent. This may be because of the various additions and schemes like PMJDY by the government of India.
9. The total priority sector loans to total advances ratio of the bank shows a fluctuating trend. The ratio was at the highest in the year 2013-14. 25.91 per cent of the Total advances were given to priority sector in the year. The lowest ratio was in the year 2011-12 (10.02 per cent)
10. Agriculture loans to Total Priority advances shows fluctuating trend during the past 5 years. The average growth rate in the ratio during the years was 28.57 per cent.
11. Loans to Small Enterprises to Total Priority Sector advances ratio shows fluctuating trend. Ultimately the average growth rate in ratio comes around 210 per cent which is favourable position.
12. Educational loans to total priority advances ratio shows a fluctuating trend. 0.81 per cent of the total priority advances were given as educational loans by SIB during the year 2012-13 and this was the highest among the last 5 years. In the year 2013-14 it decreased to 0.21 per cent. A slight increase in the ratio can be seen in the next two years i.e. 2014-15 and 2015-16.
13. Loans to Retail Trade to Total Priority ratio shows fluctuating trend. The highest ratio was depicted in the year 2014-15. No data regarding loans to retail trade were available in the year 2015-16. Hence, the average growth rate of the ratio declined to 76 per cent.
14. Other priority sector loans to total priority advances of SIB in Thrissur region over the past 5 years. The ratio shows an increasing trend. The ratio was the highest in the year 2015-16 (10.29). It increased at a growth rate of 620.02 per cent when compared to 2011-12. The average growth rate of the ratio in the year 2015-16 was 233.56.
15. In the year 2012-13 the agricultural loans to total advances ratio decreased from 3.11 per cent of the year 2011-12 to 2.20 per cent. But in the next three years it shows an increasing trend. The ratio was the highest in the year 2015-16. During the year 5.35 per cent of the total advances were given as agricultural loans.

16. The loans to small enterprises to total advances ratio shows a fluctuating trend. The ratio was highest in the year 2013-14 (19.33 per cent). There was an increase of 206.35 percent in the growth index in the year 2015-16. The average growth rate during the 5 years was 365.21 per cent which is a good sign.
17. Loans to medium enterprises to total advances ratio shows a fluctuating trend. The ratio was the highest in the year 2012-13 (4.11 per cent) and lowest in the year 2013-14 (0.14 per cent). After the year 2012-13 the growth index shows a tremendous decline. The average growth rate was 54.34 per cent.
18. Other priority advances to total advances ratio. It also shows a fluctuating trend. 1.25 per cent of the total advances were given as loans to other priority sector during the year 2015-16 and it was the highest ratio among the 5 years. The average growth rate during the years was 325.55 per cent.

5.2 Suggestions

1. The bank is doing a great job by providing more than 20 per cent of the priority sector advances to agriculture sector in Thrissur region itself. The bank should continue to do the same and if possible should increase the lending to agriculture.
2. The bank should also consider the other sectors in priority sector than agriculture during the future years.

5.3 Conclusion

The present study was intended to find out the priority sector lending by South Indian bank in Thrissur region. Ratio analysis was the tool used. The study has found out findings which is favourable to the Bank. The bank has succeeded in meeting the requirements of RBI. But it should concentrate more on priority sector by lending more to agriculture. Suggestion was made to the bank that it should also consider other sectors in priority sector.

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