



A STUDY OF SMALL SCALE INDUSTRIES AND OTHER PRIPORITY SECTOR ADVANCES IN SOLAPUR DISTRICT

Dr.S.V.Shinde

D.A.V.Velankar College Of Commerce,Solapur-413002

1.INTRODUCTION:

Bank loans to Micro and Small Manufacturing and Service Enterprises, provided these units satisfy the criteria for investment in plant machinery/equipment as per MSME Act 2006. For Micro Enterprises investment in plant and machinery do not exceed twenty five lakh rupees. For Micro Enterprises investment in equipment does not exceed ten lakh rupees. For Small Enterprises investment in plant and machinery should be more than twenty five lakh rupees but does not exceed five crore rupees. For Small Enterprises investment in equipment should be more than ten lakh rupees but does not exceed two crore rupees.

Non Farm Sector (NFS) is one the key to develop economic in rural and urban areas of the country. It has potential and promise for generating employment and increased income in the rural areas. The focus has been on greater credit flow and provision of linkages for small, cottage and village industries, handicrafts and other rural crafts and service sector in the decentralised sector in the rural areas.

The other priority sector normally includes education, housing and women etc. Loans to individuals for educational purposes including vocational courses upto `10 lakh for studies in India and `20 lakh for studies abroad are included under priority sector

2.NEED OF THE STUDY:

Banks have been advised to dispose of all loan applications for MSE borrowers up to a credit limit of Rs. 25,000/-, within 2 weeks and those up to Rs.5 lakh within 4 weeks provided the loan applications are complete in all respects. As per RBI, banks have been mandated to grant collateral free loans upto Rs.5 lakh to all MSE borrowers. Banks have been further advised that on the basis of good track record and financial position of the SSI (Now MSE) units, increase the limit of dispensation of collateral requirement for loans from the existing level of Rs.15 lakh to Rs.25 lakh with the approval of the appropriate authority. The limit of collateral free loans to MSE borrowers has been increased from Rs.5 lakh to Rs. 10 lakh.

The government has given some target to provide advances or loans to SSI/NFS which are specified below:

(a) 40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to **Rs. FIVE lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh**



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Within the overall target of 32 per cent to be achieved by foreign banks, the advances to MSE sector should not be less than 10 per cent of the adjusted net bank credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.

3. OBJECTIVES OF THE STUDY-

- 1.To study the the small scale industries advances by the banks in Solapur District from 2007-2011.
- 2.To analyse role of banks advances to other priority sector in Solapur District from 2007-2011.

4.METHODOLOGY AND DATA BASE:

The present paper is based on secondary data .The quantitative research method of has been used to complete this paper.The data has been collected from the banks working in the Solapur district. It includes nationalized banks,Solapur district central co-op bank, private banks, foreign banks, gramin banks etc.The period of the data used in the paper is 2007 to 2011.

5.DATA ANALYSIS AND INTERPRETATION-

Solapur district is the important district of the Maharashtra state.The district has 11 talukas .The district has almost all banks branches in 11 talukas.The following table shows the bank branches network in the district as on 28-02-2011.The district has 32 types of bank branches it includes nationalized banks,private banks ,co-op banks foreign banks,rural banks etc.Total 465 bank branches are working in the solapur district.

Table No.1.BANK BRANCHES NETWORK IN THE DISTRICT AS ON 28-02-2011

Sr. No.	Bank	Total Branches	Sr. No.	Bank	Total Branches
1	ALLAHABAD BANK	1	17	STATE BANK	32
2	ANDHRA BANK	1	18	S.B.H	4
3	B.O.I	54	19	S.B.M	1
4	B.O.M	37	20	UNION BANK	13
5	B.O.B	10	21	UCO BANK	2
6	C.B.I	12	22	IDBIBANK	9
7	CANARA BANK	4	23	UNITED BOI	1
8	CORPORATION BANK	1	24	VIJAYA BANK	2
9	DENA BANK	4	25	INGVYSYA BANK	1
10	INDIAN BANK	1	26	ICICI BANK	7
11	I.O.B	2	27	HDFC BANK	2



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12	KARNATAKA BANK	1	28	FEDERAL BANK	0
13	P.N.B.	2	29	ORIENTAL BANK	1
14	RATNAKAR BANK	2	30	KARUR VYSYA BANK	1
15	AXIS BANK	4		Total	216
16	SYNDICATE BANK	2	31	W.K.GRAMIN	30
			32	SDCC BANK	219
	Grand Total		465		

TABLE NO.2.TALUKAWISE BANK BRANCHES NETWORK IN THE DISTRICT AS ON 28-02-2011

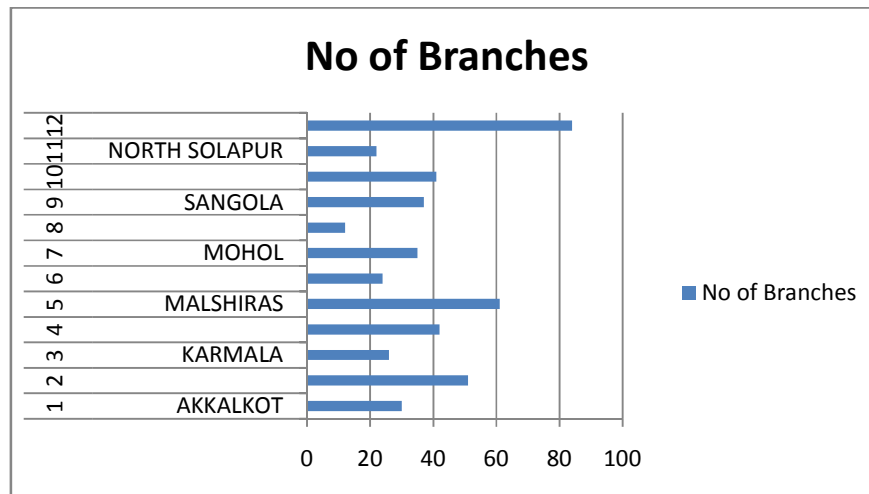
Sr. No.	TALUKA	No of Branches
1	AKKALKOT	30
2	BARSHI	51
3	KARMALA	26
4	MADHA	42
5	MALSHIRAS	61
6	MANGALWEDHA	24
7	MOHOL	35
8	PANDHARPUR	12
9	SANGOLA	37
10	SOUTH SOLAPUR	41
11	NORTH SOLAPUR	22
12	SOLAPUR CITY	84
	TOTAL	465



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Graph No.1.Talukawise bank branch network in Solapur District from 2007-2012



The above table and graph shows the talukawise bank branches in solapur district. The banks are opened the branches in solapur city, Malshirus and Barshi Talukas more as compared to other talukas.

Table No. 5.6: Bank SSI/NFS Advances Analysis of Solapur District from 2007-2012

(Rs in '000')

Sr. No.	Bank	2007	2008	2009	2010	2011	2011(%)
1	Allahabad Bank	2293	2626	4841	3682	4080	0.10
2	Andhra Bank	31884	43665	62435	72293	71765	1.82
3	Bank Of India	296900	334714	372819	470401	1228100	31.13
4	Bank Of Baroda	116138	27595	53941	126076	46929	1.19
5	Bank Of Maharashtra	356427	390800	367808	538202	1112580	28.21
6	Central Bank	46687	122813	85275	57670	223430	5.66
7	Canara Bank	4570	9616	15873	10950	11440	0.29
8	Corporation Bank	29598	42390	52444	85964	85299	2.16
9	Dena Bank	8355	8298	8290	5962	4372	0.11
10	Indian Bank	529	4849	6904	59026	83817	2.12
11	Indian Overseas Bank	6431	12100	12159	132756	63210	1.60
12	Karnataka Bank	1881	1767	2058	171	4513	0.11
13	Punjab National Bank	4445	4968	8515	166170	18200	0.46



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14	Ratnakar Bank	51068	82807	12139	11712	12925	0.33
15	State Bank India	112589	140303	239722	303920	502831	12.75
16	State Bank Hyderabad.	6019	9817	8687	16282	20122	0.51
17	State Bank Mysore	19840	21608	17995	17640	16355	0.41
18	Syndicate Bank	13864	11749	9912	46202	33415	0.85
19	Sangli Bank Ltd.	1354	-	-	-	-	0.00
20	Union Bank	38644	40342	40685	105279	77465	1.96
21	UNITED B. O. I.	0	1153	273	1612	1852	0.05
22	Uco Bank	2994	1449	21405	645	1033	0.03
23	IDBI Bank Ltd.	94282	118664	100596	99380	108017	2.74
24	Vijaya Bank	5406	5232	2800	26721	8504	0.22
25	Ing Vysya	5854	1255	1195	0	1642	0.04
26	ICICI Bank	0	0	37	14508	67958	1.72
27	UTI Bank Ltd.	0	-	-	-	-	0.00
28	HDFC Bank Ltd.	24	1402	9865	18944	33638	0.85
29	Axis Bank Ltd	-	0	13700	19900	11657	0.30
30	Federal Bank Ltd	-	-	0	17805	24131	0.61
31	Oriental Bank	-	-	-	1710	5452	0.14
32	Karur Vysya Bank	-	-	-	0	20693	0.52
	Total Commercial Banks	1258076	1441982	1532373	2431583	3905425	99.01
33	Solapur Gramin Bank	8121	8166				0.00
	W. K. Gramin Bank			8474	37269	28797	0.73
34	Solapur DCC	13032	12177	0	11283	10259	0.26
	GRAND TOTAL	1279229	1462325	1540847	2480135	3944481	100.00

Source: Computed on the basis of Bank Annual Reports and District Collectorate Office Reports

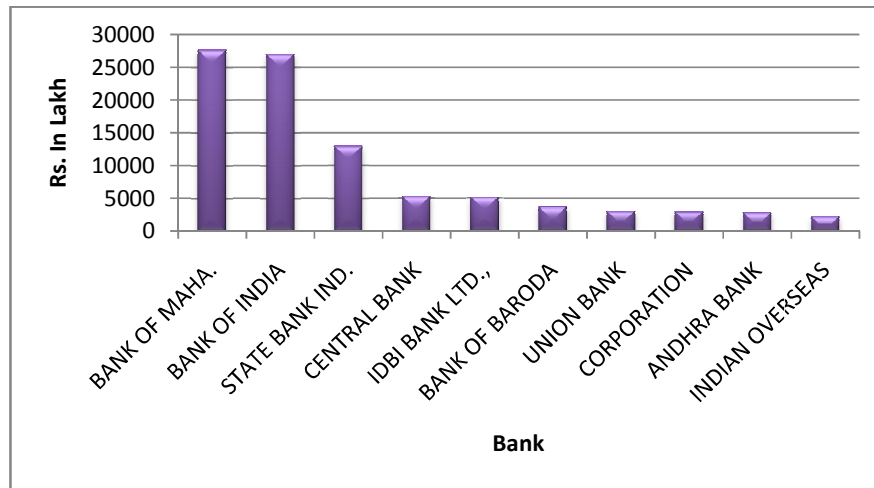
Bank of India had highest number of advances to SSI/NFS in 2007 and 2009 while Bank of Maharashtra had highest number of advances to SSI/NFS in 2008 and 2010. HDFC Bank, United B.O.I, ICICI Bank, Andhra Bank and UCO Bank had lowest number of advances in 2007, 2008, 2009, 2010 and 2011 respectively. In 2011 bank of India had highest of advances to SSI/NFS.



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Graph No. 5.5: Top 10 Banks in SSI/NFS Advances in Solapur District from 2007-2012



Graph No.5.5 shows that Bank of Maharashtra had highest number of advances to SSI/NFS with 27658 lakhs in 2007 and 2009 while Bank of Maharashtra had highest number of advances to SSI/NFS in 2008 and 2010. HDFC Bank, United B.O.I, ICICI Bank, Andhra Bank and UCO Bank had lowest number of advances in 2007, 2008, 2009, 2010 and 2011 respectively. In 2011 bank of India had highest of advances to

5.7 Other Priority Sector Advances

The other priority sector normally includes education, housing and women etc. Loans to individuals for educational purposes including vocational courses upto `10 lakh for studies in India and `20 lakh for studies abroad are included under priority sector. Loans to individuals up to `25 lakh in urban centres with residents above ten lakh and `15 lakh in other centres for purchase/building of a house unit per family excluding loans sanctioned to bank’s own employees.

TABLE NO. 5.7: OTHER PRIORITY SECTOR ADVANCES ANALYSIS IN SOLAPUR DISTRICT FROM 2007-2012 (RS IN ‘000’)

Sr. No.	Bank	2007	2008	2009	2010	2011	2011(%)
1	Allahabad Bank	11137	9259	13055	21785	25417	0.08
2	Andhra Bank	12859	11055	9998	14898	20572	0.07
3	Bank Of India	1117900	1474457	1492607	1674929	1228900	4.07
4	Bank Of Baroda	218833	266375	242312	247191	733725	2.43
5	Bank Of Maharashtra	702270	928300	1024593	979963	838333	2.78
6	Central Bank	189500	303939	279474	223430	1362972	4.51
7	Canara Bank	68435	27185	44953	209750	221728	0.73



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8	Corporation	52448	0	72643	55630	86153	0.29
9	Dena Bank	47854	76138	76720	11527	41186	0.14
10	Indian Bank	20529	41708	71319	85805	105234	0.35
11	Indian Overseas	11002	22200	29841	18196	95950	0.32
12	Karnataka Bank	19697	19067	6714	17930	27924	0.09
13	Punjab National	74711	75986	91175	61820	126053	0.42
14	Ratnakar Bank	16539	26814	44748	55964	100419	0.33
15	State Bank Ind.	763035	1009463	1880390	1503940	2199828	7.29
16	State Bank Hyderabad	38284	44719	78279	643605	70529	0.23
17	State Bank Mysore	19069	342	1011	39912	52800	0.17
18	Syndicate Bank	125527	119923	132051	133566	181122	0.60
19	Sangli Bank Ltd.	8068	-	-	-	--	0.00
20	Union Bank	247189	273162	311543	326389	334546	1.11
21	United B. O. I.	19576	14167	14838	24754	25825	0.09
22	Uco Bank	136346	76651	72660	145185	138145	0.46
23	IDBI Bank Ltd.	206137	265445	235206	180556	502656	1.66
24	Vijaya Bank	36519	77821	96674	76321	71248	0.24
25	Ing Vysya	7021	5645	934	1542	0	0.00
26	ICICI Bank	738000	744000	610235	464896	404326	1.34
27	Uti Bank Ltd.	0	-	-	-	-	0.00
28	Hdfc Bank Ltd.	60724	32355	39356	74063	184133	0.61
29	Axis Bank Ltd		5000	32400	1400	1686	0.01
30	Federal Bank Ltd	-	0	8395	30144	47449	0.16
31	Oriental Bank	-	-	-	2187	12508	0.04
32	Karur Vysya	-	-	-	0	0	0.00
	Total Commercial Banks	4969209	5951176	7014124	7327278	9241367	30.61
33	Solapur Gramin	60891	71499				0.00
	W. K. Gramin			46705	86749	112843	0.37
34	Solapur Dcc	109693	0	26399	12977162	20836927	69.02
	Grand Total	5139793	6022675	7087228	20391189	30191137	100.00

Source: Computed on the basis of Bank Annual Reports and District Collectorate Office Reports

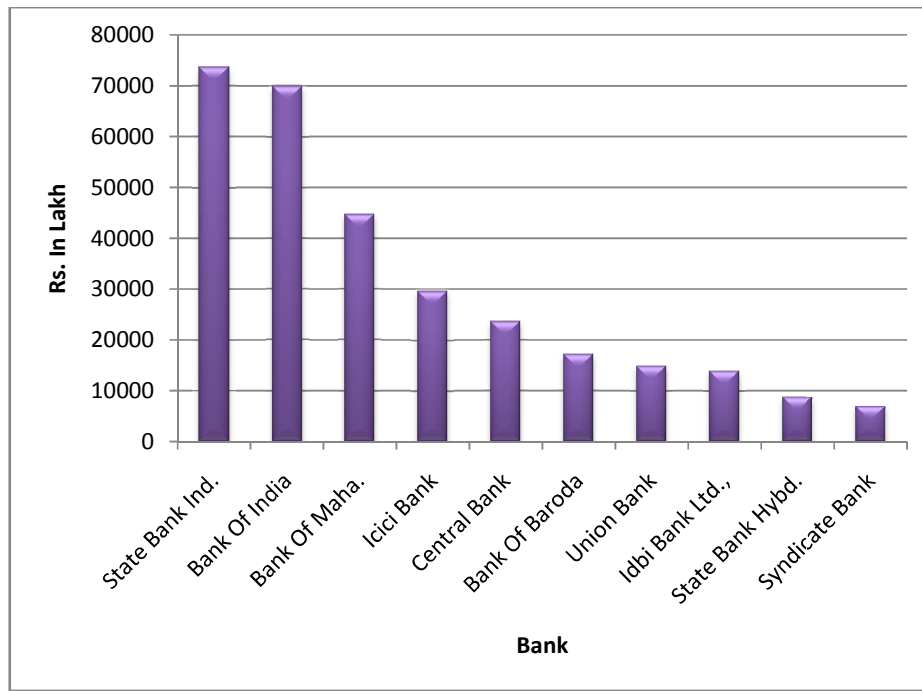
Bank of India had highest number of advances to OPS in 2007, 2008, 2009 and 2010. ING Vysya, State Bank of Mysore and ING Vysya had lowest number of advances to OPS in 2007, 2008 and 2009 respectively. In 2011, State Bank of India had highest number of advances to OPS while Axis Bank had lowest number of advances in 2010 and 2011.



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GRAPH NO. 5.6: TOP 10 BANK ANALYSIS OF OTHER PRIORITY SECTOR ADVANCES IN SOLAPUR DISTRICT



Graph No.5.6 shows that State Bank of India topped in total number of Other Priority Sector advances with lakhs 2007-2011. Bank of India stood second in topped total number of Other Priority Sector advances with lakhs from 2007-2011. Bank of Maharashtra ranked third total number of Other Priority Sector advances with lakhs from 2007-2011. ICICI Bank ranked fourth total number of Other Priority Sector advances with lakhs from 2007-2011. Central Bank stood fifth total number of Other Priority Sector advances with lakhs from 2007-2011. While Bank of Baroda, Union Bank, IDBI Bank, State Bank of Hyderabad and Sydicate Bank ranked sixth, seventh, eighth and ninth total number of Other Priority Sector advances respectively.

FINDINGS-

Bank Of India had highest number of advances to SSI/NFS in 2007 and 2009 while Bank of Maharashtra had highest number of advances to SSI/NFS in 2008 and 2010. HDFC Bank, United B.O.I, ICICI Bank, Andhra Bank and UCO Bank had lowest number of advances in 2007, 2008, 2009, 2010 and 2011 respectively. In 2011 bank of India had highest of advances to SSI/NFS.

Bank Of India had highest number of advances to OPS in 2007, 2008, 2009 and 2010. ING Vysya, State Bank of Mysore and ING Vysya had lowest number of advances to OPS in 2007, 2008 and 2009 respectively. In 2011, State Bank of India had highest number of advances to OPS while Axis Bank had lowest number of advances in 2010 and 2011.



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CONCLUSION:

As per Reserve Bank of India guidelines about Financial inclusion drive the banks in solapur district lending advances to small scale industries and other priority sector. The state bank of India, bank of India, bank of Maharashtra, are the banks that are performed well in this regard.

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