



A STUDY OF BANK ADVANCES PRIORITY SECTOR IN SOLAPUR DISTRICT

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INTRODUCTION:

India has adopted a multi-pronged approach towards financial inclusion. The major financial inclusion initiatives taken were introduction of SHG-bank linkage programme, Farmers Club programme and introduction of Kisan Credit Card programme. The recent developments in the banking technology have transformed banking from the traditional brick-and mortar infrastructure like staffed branches to a system supplemented India has adopted a multi-pronged approach towards financial inclusion. The major financial by other channels like Automated Teller Machines, Internet banking, Credit/ Debit cards, Online money transfers, etc. While these systems meet the needs of modern economy, they leave the financially excluded sections of the population untouched. This calls for a conscious attempt to build simple, user friendly and cost-effective products and services that cater to the needs of the poor and excluded sections of the society.

5.1.2 RBI Initiatives for FI:

The Reserve Bank has initiated a number of measures in recent years to improve the credit delivery mechanism and bring about maximum financial inclusion of the poorer sections of the society. Banks have been urged to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances as well as charges. As a result of the measures taken for financial inclusion, there was an increase of 6 million new 'no frills' bank accounts between March 2006 and March, 2007. Regional Rural Banks have been advised to allow limited overdraft facilities in 'no frills' accounts, without any collateral. The 'Know Your Customer' (KYC) procedure for opening accounts has been simplified so that people from low-income groups do not face problems in opening new accounts. Banks have been asked to consider introducing a General Purpose Credit Card (GCC) facility in the nature of revolving credit up to Rs.25,000/- without insisting on security or purpose, at their rural and semi-urban branches. GCC loans are treated as part of the banks' priority sector lending.

As per RBI, Priority sector means those sectors of the economy which may be deprived of timely and adequate if the government does not monitor those sectors. Normally these include small amount of loans to farmers for agriculture and allied activities, micro and small enterprises, housing loan for poor people, educational loan for students and other low income groups and weaker sections.

Following are the different categories under priority sector as per RBI

- Agriculture
- Micro and Small Enterprises



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- Education
- Housing
- Export Credit
- Others

For the domestic commercial banks or foreign banks with 20 and above branches are given the target of 40% to priority sector, 18% for agriculture sector and 10% of advances to weaker section. While foreign banks with less than 20 branches will 32% to priority sector while the rest is not specified.

5. OBJECTIVES OF THE STUDY:

- 1.To study the priority Sector Advances Analysis of Solapur District from 2007-2011.
- 2.To study role of banks in priority Sector Advances Analysis of Solapur District from 2007-2011.

6.HYPOTHESIS OF THE STUDY:

Financial institutions are shown significant performance in Priority Sector Advance during the study period.

7.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.

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



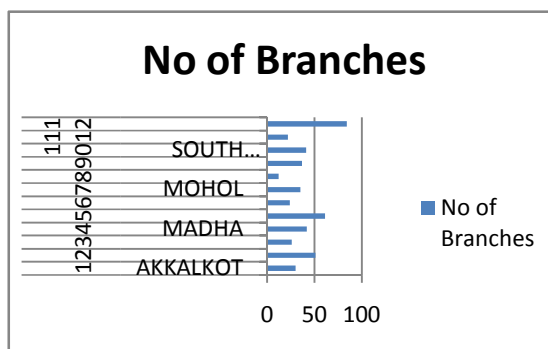
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11	I.O.B	2	27	HDFC BANK	2
12	KARNATAKA BANK	1	28	FEDERAL BANK	0
13	P.N.B.	2	29	ORIENTAL BANK	1
14	RATNAKAR BANK	2	30	KARUR VYSYA BANK	1
15	AXIS BANK	4		Total	216
16	SYNDICATE BANK	2	31	W.K.GRAMIN	30
			32	SDCC BANK	219
	Grand Total		465		

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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Table No. 5.4A: Bank Priority Sector Advance Analysis of Solapur District from 2007-2012

(Rs in '000')

Sr. No.	Bank	2007	2008	2009	2010	2011	2011 (%)
1	Allahabad Bank	14396	12983	20637	33082	39536	0.06
2	Andhra Bank	44743	54720	72433	87332	92476	0.15
3	Bank Of India	4060700	5132741	6084669	6846719	8450400	13.36
4	Bank Of Baroda	911791	855705	969219	1306346	2144551	3.39
5	Bank Of Maharashtra	2466926	3088500	3335895	3490954	4159164	6.58
6	Central Bank	826193	726355	743720	741123	1644072	2.60
7	Canara Bank	88141	140770	110090	309350	331702	0.52
8	Corporation	129650	57783	207900	224269	263022	0.42
9	Dena Bank	240884	403381	435010	548311	560234	0.89
10	Indian Bank	29553	59700	107038	247556	247537	0.39
11	Indian Overseas	22783	59000	94574	331331	190930	0.30
12	Karnataka Bank	21688	20944	8883	19649	52858	0.08
13	Punjab National	79230	87022	130026	370716	320348	0.51
14	Ratnakar Bank	73984	116894	69692	85901	141357	0.22
15	State Bank Ind.	2385530	3301654	3740110	3901920	5005386	7.91
16	State Bank Hyderabad	53020	101503	93418	665013	130168	0.21
17	State Bank Mysore	36472	10193	19040	57552	69155	0.11
18	Syndicate Bank	194286	205614	240426	337195	395651	0.63
19	Sangli Bank Ltd.	76448	-	-	-	-	0.00
20	Union BANK	665684	716833	945948	1526358	1465216	2.32
21	United B. O. I.	20671	17189	15127	26366	27677	0.04
22	Uco Bank	158589	236746	383414	501459	586646	0.93
23	IDBI Bank Ltd.	885784	1030078	2390570	4016147	4648082	7.35
24	Vijaya Bank	80977	110308	167800	149583	135323	0.21
25	ING Vysya	16106	13489	3680	2984	3173	0.01
26	ICICI Bank	923000	1147500	866460	886571	736627	1.16
27	UTI/Axis Bank Ltd*.,	3184	7432*	47800	22100	31280	0.05
28	HDFC Bank Ltd.	203129	153553	165217	207902	596913	0.94
29	Federal Bank Ltd	-	0	11296	72832	102914	0.16



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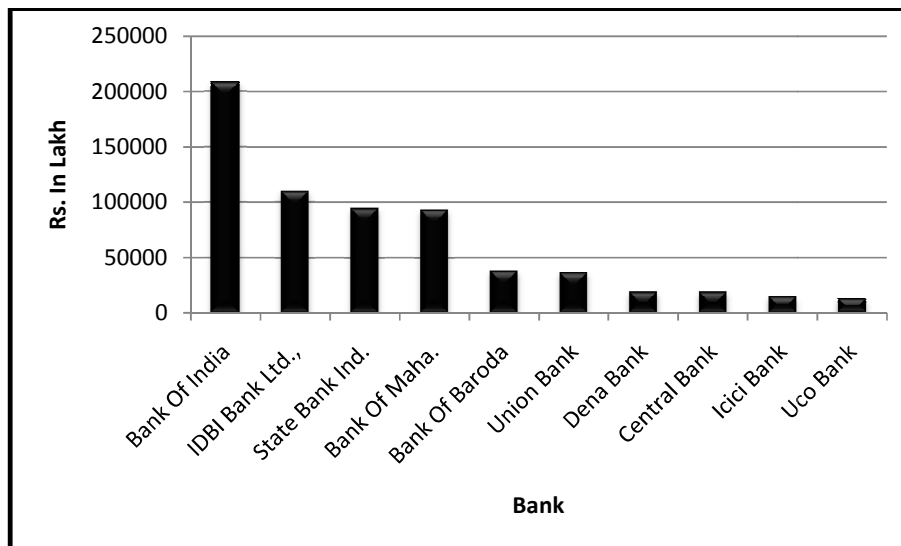
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30	Oriental Bank	-	-		3897	20845	0.03
31	Karur Vysya	-	-		0	29275	0.05
	Total Commercial Banks	14713542	17868590	21871414	27020518	32622518	51.58
32	Solapur Gramin	582919	655142				0.00
	W. K. Gramin	-	-	502607	649157	1267786	2.00
33	Solapur DCC	11468792	10876892	9867758	21559028	29351169	46.41
	Grand Total	26765253	29400624	32241779	49228703	63241473	100.00

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

Solapur DCC Bank had highest of advances for Priority Sector from 2007 to 2012. UTI Bank and Axis had the lowest number of advances to Priority Sector in 2007 and 2008 respectively. ING Vysya had the lowest number of advance to Priority Sector in 2009, 2010 and 2011.

Graph No. 5.4: Top 10 Bank Analysis of Agriculture Sector Advances in Solapur District 2007-2012



Graph No.5.4 shows that Bank of India topped in total number of agricultural advances with 208835 lakhs 2007-2011. IDBI Bank stood second in topped total number of agricultural advances with 110412 lakhs from 2007-2011. State Bank of India ranked third total number of agricultural advances with 94625 lakhs from 2007-2011. Bank of Maharashtra ranked fourth total number of agricultural advances with 93021 lakhs from 2007-2011. Bank of Baroda stood fifth total number of agricultural advances with 38022 lakhs from 2007-2011. While Union Bank, Dena Bank, Central Bank and ICICI Bank ranked sixth, seventh, eighth and ninth total number of agricultural advances respectively.



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Testing of Hypothesis 2

Financial institutions are shown significant performance in Agriculture Sector Advance during the study period.

$$H_0 : b = 0$$

$$H_1 : b \neq 0 \text{ (two way)}$$

H_0 = Financial institutions are not shown significant performance in Agriculture Sector Advance.

H_1 = Financial institutions are shown significant performance in Agriculture Sector Advance.

Table No.5.5 B Regression Analysis of Agriculture Sector Advances in Solapur District from 2007-2012

Sr. No.	Bank	a	b	SE (b)	t statistic	r	r square	F sig.
1	Solapur Dcc	8392880.100	158961.500	1943024.558	4.319	.155a	0.024	0.023
2	Bank Of India	1754854.700	807281.900	219704.902	7.987	0.990	0.980	0.004
3	IDBI Bank Ltd.,	-801125.000	1003125.600	533478.410	-1.502	0.964	0.928	0.230
4	State BankInd.	1221044.900	223820.300	81019.889	15.071	0.983	0.965	0.001
5	Bank Of Maha.	1319402.700	180343.300	101394.682	13.013	0.959	0.921	0.001
6	Bank Of Baroda	21680.200	246256.000	116939.653	0.185	0.971	0.942	0.865
7	Union Bank	156038.000	191151.600	140396.711	1.111	0.934	0.872	0.347
8	Dena Bank	105090.200	90549.600	56567.067	1.858	0.951	0.904	0.160
9	Uco Bank	-61958.100	105342.100	28650.508	-2.163	0.990	0.980	0.119
10	Hdfc Bank Ltd.,	30488.500	47703.900	105587.160	0.289	0.654	0.428	0.792
11	Icici Bank	227583.700	21805.300	99834.317	2.280	0.386	0.149	0.107
12	Total Commercial Banks	4606269.500	3005064.900	675982.502	6.814	0.993	0.986	0.006
13	Grand Total	1.329E7	3280623.800	1334270.502	9.959	0.978	0.957	0.002



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Table 5.5B explains the regression analysis of agriculture sector advance given by the top performing bank during the study period. The tabular value of 't' at 5% level of significance for 3 degree of freedom is estimated at (df) = 1.73. For testing the test statistic (t ratio) the computed 't' values of Solapur DCC, Bank of India, SBI, Bank of Maharashtra, and ICICI Bank have noticed at the greater side than the table value among the Banks with a (t-statistic) registered value between 2.28 and 15.07. Moreover, the F significance of these banks is also notice a highly significant level which is close to 0.000. But on the other hand most of the banks have noticed the situation against the alternative hypothesis.

Findings :

Solapur DCC Bank had the highest number of Advances in Solapur District from 2007 to 2012. Indian bank had lowest number of advances in 2007. Federal Bank had the lowest number of Advances in 2008 and 2009. Oriental bank had lowest number of advances in 2010 and 2011. Solapur DCC Bank had highest of advances for Priority Sector from 2007 to 2012. UTI Bank and Axis had the lowest number of advances to Priority Sector in 2007 and 2008 respectively. ING Vysya had the lowest number of advance to Priority Sector in 2009, 2010 and 2011.

CONCLUSION:

As per RBI, guidelines the banks in solapur district has played better role to finance Priority sector in soalpur district. Normally these include small amount of loans to farmers for agriculture and allied activities, micro and small enterprises, housing loan for poor people, educational loan for students and other low income groups and weaker sections.

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