

RESEARCH PAPER

# A study on targets and achievements in Belagavi district

■ S. KUMAR AND J.S. SONNAD

Received : 28.07.2017; Revised : 19.08.2017; Accepted : 03.09.2017

## ABSTRACT

Finance is the key element which almost all activities revolve around. A sound financial system is a symbol of sound economy. It performs the role of intermediary between savers and investors. Priority Sector Lending (PSL) is a scheme which is intended to give loans to the important priority sectors of the economy. Keeping the objectives, performance of priority sector lending in Belagavi district was studied. The study on the target performance by the selected sectors in the areas under study revealed very poor performance especially in other priority sectors compared to agriculture, allied and retail trade business sectors.

**KEY WORDS :** Financial, Priority, Less developed country

**How to cite this paper :** Kumar, S. and Sonnad, J.S. (2017). A study on targets and achievements in Belagavi district. *Internat. J. Com. & Bus. Manage*, 10(2) : 139-145, DOI: 10.15740/HAS/IJCBM/10.2/139-145.

A sound financial system is a symbol of sound economy. It performs the role of intermediary between savers and investors. Efficient intermediation of funds from savers to users enables the productive application of lendable resources. The greater the efficiency of the financial system in resource generation and allocation, the higher is its likely contribution to economic growth. Improved allocative efficiency creates a virtuous cycle of higher real rates of return and increase in savings, resulting in turn, in higher resource generation. Thus, development of the sound financial system is essential for sustaining higher

economic growth. India is the second largest populous country in the world with a population of 1.29 billion people by the end of the year 2016. The independent India has inherited several problems like poverty, unemployment and regional imbalances. Hence, the prime duty before the rulers of independent India was to overcome these problems and to lead the country towards progress. The per capita income was quite negligible compared to other developed countries and thus, India was classified as an underdeveloped economy at the time of independence. Since, the process of development has initiated now, it is being classified as developing economy according to United Nations definition. A developing country, also known as a Less Developed Country (LDC) is a nation with a low living standard, undeveloped industrial base and low Human Development Index (HDI) relation to other developed countries. Low per capita income, heavy population developed density, low technology levels and illiteracy are directly responsible

## MEMBERS OF THE RESEARCH FORUM

### Correspondence to:

S. KUMAR, Department of Agribusiness Management, University of Agricultural Sciences, DHARWAD (KARNATAKA) INDIA

### Authors' affiliations:

J.S. SONNAD, Department of Agribusiness Management, University of Agricultural Sciences, DHARWAD (KARNATAKA) INDIA

for the poor state of the country on the one side and the political, economic and social factors are indirect hindrances on the other side. The Government of India addressed these problems by adopting a policy of "Socialistic Pattern of Society". Implementation of five year plans or growth in the banking sector did not result in reduction of poverty and income inequalities across the regions and various groups of people. Hence, the policy makers identified the areas on which greater emphasis is needed to achieve the twin objectives *i.e.*, economic growth and social justice. The successful implementation of priority sector lending will lead to an increase in the credit absorptive capacity of the area concerned and an increase in employment and income. In view to the above importance attached to financing capital to Priority Sector by Financial Institutions.

## METHODOLOGY

Belagavi districts were purposively selected for the study, since Belagavi district is good in priority sectors lending in Karnataka. For the study all three types of banks that is Public, Private and Co-operative banks were selected for the period from 1999-2014. Information related to lending by Public, Private and Co-operative Banks were collected from the offices of the Lead Banks working Belagavi districts.

## ANALYSIS AND DISCUSSION

Table-1 presents short falls in lending by public sector banks in Belagavi district for the year 1999 to 2014. Nine priority sectors had been selected for the study. In case of agriculture sector, the targets achieved by the banks ranged between 75 to 145 per cent for the study period. Highest achievement in the target was achieved in the year 2005 with 145 per cent of the target. The target set by the lead bank was Rs. 37,89,291 thousand and the performance made by bank was Rs. 54,77,949 thousand, forming 145 per cent. In the year 2014 the target set was Rs. 1,83,63,373 thousand with the performance Rs. 2,47,14,900 forming 135 per cent. The least achievement for the targets was found to be in the year 2002. It can be depicted from the Table that around ten years the bank had achieved the target set by the Lead Bank by crossing hundred per cent. In case of allied, sector achievement towards the target was only for four years in the entire study period. In case of allied sector, The achievement of target ranged flank by 49 to

133 per cent. In the year 2005 the target set was Rs. 2,63,672 thousand with achievement of Rs. 3,50,215 thousand forming the share of 133 per cent. Subsequently in the year 2006 achievement was made with achieving the target of Rs. 3,05,625, performing Rs. 3,99,780 thousand forming to 131 per cent. Least achievement towards the target of 49 per cent was made by the banks in the year 1999. In case of small scale industries, only for three years the target set by the lead bank was achieved with highest in the year 2012. The target set in the year 2012 was Rs. 5,18,963 thousand while performing Rs. 7,22,086 thousand framing to 139 per cent. The achievement ranged between 35 to 139 per cent. The least achievement was in the year 2006. Next to small scale industries sector was transport operators sector, in none of the years the target was achieved. The targets achieved by the banks ranged from 28 per cent to 79 per cent in the study period. In the year 2012 the highest target was achieved by the banks with the target of Rs. 1,76,385 thousand for which the performance was Rs. 1,39,453 thousand. The least target achieved by the banks was found in the year 2002 with 28 per cent. In case of retail trade and small business sector lending by banks the targets achieved by the banks in almost all the years except for two years in the year 2014 and 2009, which were almost nearer to the targets. The highest achievement in the targets was in the year 2006 with target of Rs. 1,39,938 thousand and performance was Rs. 2,19,951 thousand forming to 157 per cent. The range of achievement in the target was increased with 95 to 157 per cent.

In case of professional and self-employed sector, achievement for the targets ranged between 21 per cent to 88 per cent. None of the years, there was achievement towards the target. In the year 2000, the target set was Rs. 14,203, performance happened to be Rs. 12,451 thousand forming to 88 per cent. Least achievement was found in the year 2014. In case of education lending sector, in none of the years of the study period the achievement towards the target was made by the banks in this sector. The achievement towards the target ranged from 48 per cent to 92 per cent. In the year 2012 target was Rs. 2,67,569 thousand and the performance was Rs. 2,45,325 thousand. The least achievement was found in the year 2004. The targets achieved in lending for housing sector by banks was six years. The target achievement ranged between 63 to 130 per cent. Highest

achievement was in the year 2003 for the target of Rs. 2,07,219 thousand the performance was Rs. 2,69,116 thousand. Least achievement was in the year 2011 with 63 per cent of the targets set by the lead banks. In case of consumer loan sector only for three years the target was achieved. The targets ranged from 22 to 199 per cent. Highest target achievement was in the year 2008 with Rs. 26,738 thousand and performance was Rs.

31,721 thousand. The least achievement for targets was in the year 2000.

Table 2 presents short falls in lending by co-operative sector banks in Belagavi district for the year 1999 to 2014. Nine priority sectors had been selected for the study. In case of agriculture sector, in the study period none of the year, there was achievement towards the target had been observed. The achievement towards

**Table 1 : Performance (Short falls) in priority sector lending by public sector Banks in Belagavi district (Rs. in Thousands)**

Year	Agriculture loan sector			Allied loan sector			Small scale industries loan sector			Transport operators loan sector			Retail / Small business loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	871374	865137	99	31514	15406	49	32320	28543	88	18224	7613	42	82763	97570	118
2000	1167934	1201580	103	36798	19112	52	38080	35776	94	23405	10876	46	120044	139386	116
2001	1471743	1716543	117	62528	75033	120	54400	38252	70	31727	15537	49	142920	199123	139
2002	2213722	1649746	75	88067	93560	106	62815	48201	77	35959	10196	28	164358	165027	100
2003	2146719	1702374	79	116423	98726	85	65681	63144	96	45656	14565	32	171587	235753	137
2004	2202850	2431963	110	166319	124794	75	76035	53555	70	54274	25013	46	191984	249837	130
2005	3789291	5477949	145	263672	350215	133	29050	27647	95	34360	13644	40	155266	197768	127
2006	4532546	5666709	125	305625	399780	131	53040	18456	35	40480	19167	47	139938	219951	157
2007	6293672	7247005	115	341142	247159	72	250915	287994	115	76815	48511	63	311332	428736	138
2008	8097381	7605122	94	383861	206904	54	347982	481549	138	106860	40899	38	368010	442581	120
2009	9157044	7699077	84	399467	245144	61	459620	431564	94	136717	46577	34	415542	394017	95
2010	12727586	14583173	115	512897	360197	70	528380	367804	70	133625	100051	75	395105	540817	137
2011	13215611	12892459	98	414934	404876	98	577180	310892	54	160350	123622	77	409616	535412	131
2012	13469342	14244914	106	628841	495456	79	518963	722086	139	176385	139453	79	585750	867647	148
2013	14103463	18550606	132	822609	597504	73	970968	381820	39	199631	63374	32	684808	976898	143
2014	18363373	24714900	135	892870	661188	74	865610	509830	59	186200	54629	29	799250	775247	97

Contd.... Table 1

Year	Professional and self -employed loan sector			Educational loan sector			Housing loan sector			Consumer loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	12428	8716	70	6794	4970	73	76281	54168	71	4074	1134	28
2000	14203	12451	88	10706	7100	66	118973	77383	65	7276	1620	22
2001	17290	13787	80	12438	8114	65	124540	110547	89	8315	2314	28
2002	19382	16882	87	14840	10431	70	155675	188381	121	10077	5523	55
2003	27689	19689	71	21200	14902	70	207219	269116	130	12538	7890	63
2004	36520	21504	59	40325	19511	48	322440	408433	127	13595	13389	98
2005	40172	25909	64	46250	36885	80	223315	280392	126	13030	5152	40
2006	27302	19819	73	55250	33624	61	279144	210759	76	33280	8775	26
2007	50711	27526	54	104459	81126	78	631372	682725	108	47465	15423	32
2008	70948	30367	43	151836	87539	58	642629	607783	95	26738	31721	119
2009	76449	24088	32	189085	131333	69	766264	734520	96	38136	44233	116
2010	87473	43963	50	221563	146596	66	843037	975129	116	54819	58573	107
2011	89869	32986	37	232669	130430	56	1189081	751356	63	82254	53786	65
2012	98856	55562	56	267569	245325	92	1246070	1317108	106	102818	96364	94
2013	118240	51929	44	322232	217848	68	1295340	1471143	114	123099	98995	80
2014	143449	30255	21	215715	191873	89	1524874	1238615	81	135409	89117	66

the target ranged between 45 per cent to 89 per cent. Achievement of 89 per cent was in the year 2007 with target of Rs. 37,70,060 and performance of Rs. 33,49,203 with 89 per cent. Least achievement towards the target was in the year 2004. Next was allied sectors lending made by the bank, it was clear from the Table that for four years there was achievement towards the target was seen. The targets achievement ranged between 11

to 123 per cent in the entire study period. The target set was Rs. 26,680 thousand and performance was Rs. 32,825 thousand, during 2007 The least achievement of targets happened to be in the year 2004. Next to allied sectors was small scale industries, the target achievement ranged between 27 to 79 per cent, while for four years there was no achievement towards the target forming to zero per cent. Highest achievement of target was found

**Table 2 : Performance (Short falls) in priority sector lending by co-operative sector Banks in Belagavi district (Rs. in Thousands)**

Year	Agriculture loan sector			Allied loan sector			Small scale industries loan sector			Transport operators loan sector			Retail / Small business loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	876948	736082	84	3483	1573	45	1047	406	39	3357	4	0	466	0	0
2000	1317983	1023105	78	5046	2184	43	1195	580	48	4795	6	0	665	0	0
2001	2087970	1456638	70	10066	3120	31	1936	828	43	6850	9	0	950	0	0
2002	2585679	2089295	81	13380	4458	33	2052	1183	58	15330	1054	7	1610	764	47
2003	2758963	2157441	78	24974	7482	30	4260	1690	40	21900	1506	7	2300	1091	47
2004	2764393	1237565	45	28115	3218	11	2040	597	29	5231	73	1	3500	2988	85
2005	2576398	1608834	62	27140	5515	20	1400	0	0	14340	7885	55	5770	3414	59
2006	2994369	2536545	85	21562	8919	41	2850	1600	56	4911	130	3	9475	5906	62
2007	3770060	3349203	89	26680	32825	123	-	228	-	805	0	0	0	0	0
2008	4390208	3433162	78	28759	24445	85	900	0	0	5900	4660	79	18734	27929	149
2009	5213283	3623712	70	23886	26275	110	800	0	0	11384	2740	24	41894	45906	110
2010	6472652	3147333	49	29178	23342	80	6510	1764	27	41354	3208	8	88986	93848	105
2011	5606348	4012685	72	28011	30812	110	4600	2417	53	26289	6419	24	133479	155003	116
2012	6934795	5547836	80	33613	29916	89	4500	3537	79	28600	2651	9	200219	181953	91
2013	8321754	4721674	57	40336	27428	68	6182	4692	76	43053	30908	72	240262	160497	67
2014	6657403	4086817	61	28958	29237	101	7418	3665	49	37275	21806	59	288315	172025	60

contd....

Year	Professional and self-employed loan sector			Educational loan sector			Housing loan sector			Consumer loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	0	0	0	314	0	0	14998	420	2	21434	3732	17
2000	0	0	0	448	0	0	18130	600	3	28546	5332	19
2001	0	0	0	640	0	0	25900	857	3	40780	7617	19
2002	0	0	0	0	0	0	12390	163	1	41370	6696	16
2003	0	0	0	0	0	0	17700	233	1	59100	9565	16
2004	0	0	0	0	0	0	13100	27	0	46800	20110	43
2005	12295	7874	64	3010	3248	108	63560	86207	136	37440	13502	36
2006	1250	67	5	0	0	0	11700	7046	60	34550	4759	14
2007	0	0	0	0	28	0	24376	14861	61	0	0	0
2008	3800	0	0	0	0	0	35988	9778	27	20500	694	3
2009	6000	0	0	2500	0	0	57906	4606	8	0	0	0
2010	2500	0	0	0	0	0	35617	3993	11	9900	862	9
2011	10000	552	6	0	0	0	53072	16222	31	16000	696	4
2012	5000	160	3	0	0	0	64800	18000	28	19200	8231	43
2013	20733	1100	5	25282	0	0	50134	61809	123	26496	8995	34
2014	9266	0	0	2510	0	0	62668	43250	69	39744	16649	42

in the year 2012. The target set in the year 2012 was Rs. 4,500, performance made was Rs. 3,537 thousand with 79 per cent. For the years 2005, 2008 and 2009 even though the target was set the banks had not achieved anything. In the year 2007, without the targets, banks had achieved Rs. 228 thousand. Coming to transport operators lending sector, target achievement ranged from one per cent to 79 per cent. For three years,

it was zero per cent. In the year 2008, the target set was Rs. 5,900 thousand performing Rs. 4,660 thousand. Least achievement of only one per cent happened to be in the year 2004. In case of retail trade and small business sector, for four years in the study period the banks had, achieved the targets. At the same time, the banks had failed to achieve the targets for four years too. The target achievement ranged between 47 per cent to 149 per cent.

**Table 3 : Performance (Short falls) in priority sector lending by private sector Banks in Belagavi district (Rs. in Thousands)**

Year	Agriculture loan sector			Allied loan sector			Small scale industries loan sector			Transport operators loan sector			Retail / Small business loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	68830	33576	49	2572	1585	62	4025	2354	58	5496	580	11	13337	8730	65
2000	85203	45604	54	4169	2086	50	6566	3138	48	4983	773	16	17783	10075	57
2001	113604	64461	57	5759	2781	48	10755	4184	39	5183	1031	20	23710	14719	62
2002	151472	97255	64	8944	3708	41	14771	1873	13	6098	7802	128	19710	16948	86
2003	161834	138113	85	24974	17482	70	19695	2497	13	8130	10403	128	26280	30130	115
2004	212939	163407	77	32860	23002	70	25210	7920	31	12475	19145	153	32904	38686	118
2005	302746	423844	140	44115	14952	34	29243	21153	72	26212	98	0	37839	53194	141
2006	579729	579996	100	16380	5721	35	36553	20725	57	19990	13164	66	49355	63711	129
2007	800940	851627	106	10745	5373	50	47518	34815	73	18035	13645	76	46630	70599	151
2008	806918	755159	94	23329	9332	40	32600	11222	34	27200	32713	120	60426	85566	142
2009	544934	693158	127	16438	2594	16	17550	1940	11	23600	18323	78	90855	81078	89
2010	675210	891552	132	13699	4110	30	12500	2498	20	20825	15324	74	101770	33922	33
2011	1897020	2322251	122	16520	9912	60	18935	33250	176	27320	38411	141	113990	117396	103
2012	2469874	3216649	130	80949	57391	71	36830	42207	115	31875	34101	107	134508	147255	109
2013	1578280	2320800	147	74715	48912	65	33675	31015	92	44510	19459	44	157374	173604	110
2014	1608866	2295737	143	93393	54170	58	39716	42110	106	20830	14261	68	204271	305680	150

Contd....Table 3

Year	Professional and self-employed loan sector			Educational loan sector			Housing loan sector			Consumer loan sector		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	3661	2755	75	2616	1	0.03	3980	2089	52	117	151	129
2000	4298	3673	85	3488	1	0.02	4682	2786	59	169	201	119
2001	5064	4897	97	4650	1	0.02	6589	3714	56	225	268	119
2002	6637	2119	32	450	1	0	8368	5629	67	280	290	103
2003	7080	2825	40	600	309	52	10517	7505	71	350	386	110
2004	9850	2397	24	2155	527	24	14770	26627	180	440	553	126
2005	10835	3116	29	1	1	0	10100	1476	15	0	0	0
2006	11395	9376	82	6560	2100	32	66440	78655	118	640	201	31
2007	15695	10700	68	4705	350	7	79728	45558	57	1080	610	56
2008	14845	12848	87	13350	8149	61	98620	101217	103	3820	1384	36
2009	15870	6683	42	10800	2922	27	67850	45793	67	6435	2692	42
2010	14390	17039	118	13215	2168	16	66325	55619	84	8010	8853	111
2011	17175	18606	108	31000	10352	33	120560	270710	225	7115	2401	34
2012	12461	8426	68	18198	13910	76	109480	137118	125	8894	4786	54
2013	12790	2016	16	19400	2594	13	260560	99472	38	10673	5737	54
2014	13069	7862	60	11680	2120	18	297038	117524	40	12807	4813	38

In the year 2008, the target set was Rs. 18,734 thousand, performance happened to be Rs. 27,929 thousand framing to 149 per cent. In the year 2002 and 2003, the target achieved was same with 47 which was least per cent in achievement of targets set for retail trade and small business man. In case of professional and self-employed sector, the target achieved was highest in the year 2005, with 64 per cent, all other years, there was a meager share of achievement with six, five, three per cent for the targets set by the Lead Banks. As seen from the Table for eleven years, there were no target achievement. In case of educational sector, it was clear from the Table, only in the year 2005, there was achievement of 108 per cent towards the target. The target set was Rs. 3,010 thousand with Rs. 3,248 performance. All other years, showed no performance towards the target, except in the year 2007. In case of housing sector lending, the targets achieved ranged from one per cent to 136 per cent. Highest achievement was in the year 2005 with the targets of Rs. 63,560 thousand, performing Rs. 86,207 thousand. The least performance happened to be in the year 2002 and 2003. In case of consumer loan sector the target achieved ranged from 31 per cent to 126 per cent. Highest achievement in the target was found to be in the year 2004 with target set Rs. 46,800 thousand.

Table 3 presents short falls in lending by private sector banks in Belagavi district for the year 1999 to 2014. Nine priority sectors had been selected for the study. In Agriculture sector lending by private banks during the study period, the target was achieved for nine years ranging from 49 to 147 per cent. In the year 2013 the target set was Rs. 1,57,82,820 thousand with the performance of Rs. 23,20,800 thousand constituting the value of 147 per cent. The least was found in the year 1999. Next to agriculture sector was allied sector, none of the years the private banks achieved the targets during the study period. The targets achieved ranged from 16 to 71 per cent. Highest achievement in the target was in the year 2012 with the target set Rs. 80,949 thousand and performance happened to be Rs. 57,391 forming 71 per cent. Least achievement found to be in the year 2009, with the achievement of 16 percentage. Next to allied sectors was small scale industries sector lending, for three years the target set was achieved by the banks in this sector. The target achieved ranged between 11 to 176 per cent. The highest was achieved in the year 2011

with target of Rs. 18,935 thousand and performance of Rs. 33,250 thousand forming to 176 per cent. The lowest achievement was found to be in the year 2009 of 11 per cent. In case of transport operators sector, for six years the targets had been achieved by the private banks. The target achieved ranged between 11 per cent to 153 per cent. The highest achievement with 153 per cent was found in the year 2004 with the target set of Rs. 12,475 thousand, performance to be Rs. 19,145 thousand. The least target achievement was found to be 11 per cent in the year 1999. There was no achievement in target with zero percentage in the year 2005. In case of retail trade and small business target achieved for ten years. The target achieved ranged from 33 per cent to 151 per cent. In the year 2007 the target set was Rs. 46.630 thousand while performance Rs. 70,599 thousand forming the percentage of 151 per cent. The least achievement of target was found in the year 2010 with 33 per cent. In case of professional and self-employed sector lending, only for two years the target was achieved. Targets achieved ranged from 16 to 118 per cent, the highest target was found in the year 2010. The target set was Rs. 14390 thousand and performance for the target was Rs. 17,039 thousand forming the percentage of 118 per cent. The least target of achievement was found in the year 2013 with 16 per cent. Next to professional and self-employed sector was education sector lending. In the study period none of the years achieved the target. For five years they had not achieved any of the performance framing to zero per cent. In case of housing loan lending sector, in the year 2011 the target achieved was double the target set forming 225 per cent. For five years the target had been achieved, targets achieved ranged from 15 to 225 per cent. The least achievement in the targets was found in the year 2005. At last the consumer loan lending sector targets achieved ranged from 31 per cent to 126 per cent. For seven years the target had been achieved and only for one year there was no achievement in target with zero percentage of achievement. In the year 2004 the target set was Rs. 440 thousand and the achievement happened to be Rs. 553 thousand. The least accomplishment was found to be in the year 2006 with 31 percentage. Similar work related to the present investigation was also carried out by Jaynalud-din Ahmed (2008); Peter John *et al.* (2013); Raman (2010); Ramappa and Sivasankaraiah (2007) and Shilpa Rani and Garg (2015).

## REFERENCES

- Jaynalud-din Ahmed (2008). Priority sector lending by commercial banks in India: A case of Barak Valley. *Asian J. Finance Account.*, **2** (1): 92-110.
- Peter John, Joseph James, V. and Ratheesh, C. (2013). Priority sector lending in Kerala: Current issues. *Internat. J. Business Mngt.*, **1** (5): 28-36.
- Raman, P. (2010). The performance of commercial banks towards priority sector advances in Tamil Nadu. *Internat. J. Mktg. Financ. Serv. Mgmt. Res.*, **2** (2): 1-23.
- Ramappa, P. and Sivasankaraiah, M. (2007). Performance of Rayal Seema Grameena Bank: A study. *Southern Economist*, **46** (1): 25-28.
- Shilpa Rani and Garg, Diksha (2015). Priority sector lending: trends, issues and strategies. *Internat. J. Mgmt. Soc. Sci. Res.*, **4** (1): 24-28.

★ ★ ★ ★ ★ **10<sup>th</sup>** Year of Excellence ★ ★ ★ ★ ★