

RESEARCH PAPER

A study on targets and achievements in Davangere district

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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 Davangere district was studied. The study on the target in Davangere district, public sector banks failed to achieve the targets in only one sector and achieved all the targets in left over eight sector. In co-operative sector, banks failed to achieve the targets in six sectors and achieving only in three sectors. In private sector banks, there was achievement of target for four sectors and in five sectors there was no attempt made to achieve the targets 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

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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

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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 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

Davanagere districts were purposively selected for the study, since Davanagere is district 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 Davanagere districts and tabular analysis employed.

ANALYSIS AND DISCUSSION

Table 1 presents short falls in lending by public sector banks in Davanagere district for the year 1999 to 2014. Nine priority sectors had been selected for the study In case of agriculture sector, the target achieved was for ten years. The target achieved ranged from 68 to 149 per cent. Highest target achievement happened to be in the year 2005, The highest achievement of targets in agriculture in Davanagere is due to increase in cropping area maize, sugarcane, cotton coupled with government favorable policy towards doubling of credit flow to agriculture. The target set was Rs. 14,14,798 thousand with performance of Rs. 21,02,098 thousand forming 149 percentage. The least achievement was in the year 2009. In case of allied sectors, of the study period only one year the target was achieved with 129 per cent. The

target achieved ranged from 32 to 129 per cent. In the year 2006, the target set was Rs. 94,830 thousand, with performance Rs. 1,21,946. The smallest per cent found to be in the year 2013 with 32 per cent. In case of small scale industries sector lending, the target achievement ranged from 31.36 per cent to 152 per cent. For only three years, the target was achieved by the banks. The highest achievement was in the year 2011 with target set of Rs. 1,39,512 thousand, with the performance of Rs. 2,11,480. The least achievement in the target was found to be in the year 2009 with 31 per cent. With respect to transport operators target achieved by the banks was only in one year with 108 per cent. The target achieved ranged from 33 to 108 per cent. In the year 2012, the target set was Rs. 1,55,928 thousand with the performance of Rs. 1,68,868 thousand. The least achievement in this sector was found in the year 2003 with percentage of achievement of 33 per cent. In case of retail trade and small business lending sector for eight years the target had been achieved. The targets achieved ranged between 35 per cent to 152 per cent. In the year 2005, the target set to achieve was Rs. 1,82,849 thousand with the performance of Rs. 2,78,288 thousand. The least achievement was found in the year 2013 with only 35 per cent. Next was professional and self-employed sector lending, in this sector none of the year the target was achieved. The targets achieved ranged from 16 per cent to 97 per cent. In the year 2002, the target set to achieve was Rs. 26,280 thousand and the performance for the same happened to be Rs. 25,520 thousand. The least achievement in the target set happened to be in the year 2009 with 16 per cent. In case of education loan sector, for only one year the target was achieved with 111 per cent. The target achieved in this sector ranged from 29 to 111 per cent. In the year 2003, the target set was Rs. 19,575 thousand performing Rs. 21,632 thousand. The least target achievement in this sector happened to be 2013. Housing loan sector lending by private banks achievement was only in two years in the study period. The targets achieved ranged from 30 per cent to 112 per cent. In the year 2003, the target set was Rs. 1,53,203 thousand with performing of Rs. 1,70,866 thousand. The least achievement in the target happened to be in the year 2008 with only 30 per cent. At last was the consumer loan sector, none of the years in the study period, registered for achievement in the targets. The target achieved ranged from 9 to 46 per cent, which

was achieved in the year 2014 with the target set of Rs. 1,19,590 thousand with performing Rs. 55,164 thousand. The least achievement happened to be in the year 2011, with the value of nine per cent.

Table 2 presents short falls in lending by co-operative sector banks in Davanagere district for the year 1999 to 2014. Nine priority sectors had been selected for the study. Agriculture sector lending was the priority for cooperative sector. During the study period for only

one year the target was achieved with 106 per cent. The target achievement made by the bank for agriculture lending ranged from 42 to 106 per cent. In the year 2003, the target set was Rs. 7,70,727 thousand with performance of Rs. 8,19,225 thousand. The least achievement was in the year 2004 with 42 per cent. In case of allied sectors lending, none of the years in the study period achieved the target. The target achieved by the banks in the allied sector lending ranged from 2

Table 1 : Performance (Short falls) in priority sector lending by Public Sector Banks in Davanagere 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	586918	679928	116	19649	15423	78	18098	12713	70	19256	9155	48	78426	73750	94
2000	759540	799915	105	26057	17896	69	21751	16486	76	27654	10771	39	96501	93750	97
2001	873513	963753	110	30346	22791	75	27189	18748	69	29652	12672	43	108913	116782	107
2002	1055599	1133827	107	34544	30293	88	36446	23586	65	32355	14908	46	121420	122125	101
2003	1105989	1323138	120	40640	37991	93	40600	19096	47	46195	15136	33	138157	179276	130
2004	1297456	1339475	103	50801	42689	84	48430	23393	48	43275	17997	42	165788	173200	104
2005	1414798	2102098	149	80606	55506	69	59995	19467	32	53465	30587	57	182849	278288	152
2006	2386662	3021053	127	94830	121946	129	52126	29840	57	46289	25730	56	179944	181468	101
2007	3183465	3638689	114	178538	134207	75	66408	91163	137	87117	29198	34	211562	213394	101
2008	3738080	3433248	92	173940	107441	62	72930	71780	98	106381	40230	38	245628	243111	99
2009	4060527	2772062	68	216641	112431	52	78533	24713	31	109451	61830	56	266324	181632	68
2010	4622134	4886471	106	320122	203218	63	160130	141549	88	106584	75046	70	249913	334120	134
2011	4685214	4605172	98	348468	259869	75	139512	211480	152	129940	104203	80	245601	142495	58
2012	5646585	6001119	106	356677	244277	68	193195	135060	70	155928	168868	108	307540	166662	54
2013	6353157	8100824	128	417052	132860	32	173967	230207	132	210477	140205	67	329048	114961	35
2014	7725042	9709301	126	710069	247503	35	297820	211962	71	226955	161128	71	427762	208328	49

Contd.... Table 1

Year	Professional and self- employed loan sector			Education 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	16139	12751	79	9149	7915	87	90963	62245	68	17847	5630	32
2000	17987	17354	96	11763	9312	79	114209	86759	76	23483	6623	28
2001	23338	19692	84	13962	5955	43	120721	113835	94	29354	7792	27
2002	26280	25520	97	15897	11888	75	138495	123923	89	36442	9167	25
2003	29886	26204	88	19575	21632	111	153203	170866	112	50632	7422	15
2004	35426	28587	81	23090	20866	90	188676	204100	108	67509	12480	18
2005	48477	27414	57	48985	24874	51	330082	169510	51	84386	19057	23
2006	35790	26703	75	81246	42652	52	429470	313124	73	73086	31254	43
2007	67075	26538	40	140990	79971	57	613355	564274	92	94181	19905	21
2008	84012	20970	25	167080	50535	30	695060	211910	30	97313	10958	11
2009	71000	11709	16	173221	77255	45	609451	234628	38	116507	30901	27
2010	70769	14816	21	188692	66963	35	664614	264590	40	128158	16882	13
2011	66657	63553	95	210806	142972	68	648007	541816	84	147381	13575	9
2012	79988	59976	75	39405	20973	53	777608	504361	65	176857	26343	15
2013	51190	15967	31	343276	98366	29	959849	557692	58	108719	36776	34
2014	61428	11340	18	315143	106399	34	1237425	648285	52	119590	55164	46

per cent to 27 per cent. In the year 2011, the target set was Rs. 1,64,938 thousand and the performance for the target happened to be Rs. 44,981 thousand. The least target achieved by the bank was in the year was 2013 with only two per cent of achievement. Lending for small scale industries was not much concentrated since it was a meager share of only around seven per cent of achievement towards the target was achieved. The share of target ranged between one to seven per cent. For ten years, there was no target achievement with zero

percentage achievement. Next was transport operators sector, none of the years achieved the target in the study period. The target achievement ranged from one to 42 per cent. In the year 2012, the target set was Rs. 2000 thousand with the performance of Rs. 846 thousand. The least achievement of target was found to be in the year 2005 with one per cent. In case of retail trade and small business sector, only for a year the target had been achieved that was in the year 2013 with 170 per cent. The target achieved by the bank ranged from three to

Table 2 : Performance (Short falls) in priority sector lending by co-operative sector Banks in Davanagere 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	595004	368837	62	15191	1659	11	1458	107	7	4228	751	18	3062	100	3
2000	626320	423513	68	14990	1746	12	1620	119	7	4698	834	18	3402	1580	46
2001	655911	547348	83	17767	1940	11	1800	132	7	5220	927	18	3780	0	0
2002	673968	575208	85	33793	2042	6	2000	147	7	5800	1030	18	4200	0	0
2003	770727	819225	106	39671	3670	9	2400	25	1	7400	130	2	2000	0	0
2004	877674	366741	42	42038	3792	9	1155	0	0	4350	710	16	1200	0	0
2005	1040069	694836	67	42929	3124	7	1600	0	0	1380	13	1	1400	58	4
2006	1108745	932276	84	69950	3465	5	0	0	0	1800	0	0	0	9603	0
2007	1336489	1162838	87	49670	6667	13	0	0	0	900	182	20	0	0	0
2008	1540104	1065331	69	56519	4559	8	0	0	0	1130	0	0	0	0	0
2009	1772831	982316	55	63405	3415	5	0	13	0	1285	0	0	0	0	0
2010	1614418	1539008	95	157677	22786	14	0	0	0	966	0	0	3800	0	0
2011	2774425	1971335	71	164938	44981	27	17000	0	0	12350	1208	10	0	0	0
2012	3031124	1350927	45	79857	5595	7	7000	0	0	2000	846	42	10700	0	0
2013	2954929	1287193	44	148053	3244	2	14052	380	3	2500	470	19	265	450	170
2014	3319369	2004051	60	129682	5033	4	20800	0	0	0	0	0	10500	0	0

Contd... Table 2

Year	Professional and self- employed loan sector			Education loan sector			Housing loan sector			Consumer sector loan		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	0	0	0	0	0	0	6269	2638	42	648	0	0
2000	0	0	0	0	0	0	6966	2931	42	720	0	0
2001	0	0	0	3562	174	5	7740	3257	42	800	105	13
2002	0	0	0	0	0	0	8600	3619	42	0	0	0
2003	2200	0	0	0	0	0	9100	14065	155	1100	0	0
2004	0	0	0	0	0	0	21535	4250	20	800	0	0
2005	1800	611	34	0	0	0	89300	28998	32	0	0	0
2006	0	0	0	0	0	0	114688	40739	36	1200	0	0
2007	0	0	0	0	196	0	94349	15394	16	1600	0	0
2008	0	0	0	0	0	0	108645	4159	4	1600	324	20
2009	0	0	0	0	0	0	125000	269	0	1840	100	5
2010	0	0	0	0	0	0	69340	111	0	15500	0	0
2011	0	0	0	6212	175	3	79400	615	1	30000	0	0
2012	0	0	0	0	0	0	51000	40	0	0	0	0
2013	0	0	0	4370	0	0	10740	5326	50	0	181	0
2014	0	0	0	4370	0	0	55200	890	2	10000	0	0

170 per cent. For four years, the attempt to target achievement had been made, in rest of the years, the target was found to be zero per cent achievement. In case of professional and self-employed sector, in the entire study period for one year 34 per cent of achievement towards the target was made. Rest of the years, there was no target set nor performance, except in the year 2003. In case of education loan lending sector, there was no attempt made by banks to succeed in the lending towards education sector. Only for two years,

the lending had been made with the achievement of three and five per cent. In housing loan lending sector, only for one year the target was achieved. The targets achieved ranged from one to 155 per cent. Highest achievement was found to be in the year 2003 with the target set to be Rs. 9100 thousand performing Rs. 14,065 thousand. The least achievement towards the target happened to be in the year 2011. At last the consumer loan lending sector made by the co-operative sector banks, only for four years the sector had been lent. The

Table 3 : Performance (Short falls) in priority sector lending by private sector Banks in Davanagere 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	12779	7998	63	1540	890	58	2812	1235	44	4720	709	15	10058	3692	37
2000	17749	11886	67	3909	1236	32	3446	1765	51	5742	656	11	13368	8131	61
2001	25355	19837	78	4584	1765	39	4865	2521	52	8632	1446	17	16421	7616	46
2002	46222	28338	61	9372	2522	27	5950	3602	61	10760	2066	19	20323	13594	67
2003	79325	77903	98	13389	8983	67	7735	4053	52	11945	1569	13	22410	15329	68
2004	84151	85658	102	19127	4450	23	7030	1288	18	12640	1823	14	23465	15010	64
2005	93466	131062	140	25503	9183	36	6900	5856	85	10450	4354	42	24880	14473	58
2006	226839	277418	122	29655	9110	31	10350	9507	92	12425	620	5	25580	13493	53
2007	312651	373723	120	30231	12162	40	12500	4090	33	17645	3923	22	39670	32593	82
2008	422943	539990	128	32075	12031	38	10280	9378	91	15325	3893	25	35550	42037	118
2009	549825	730630	133	52737	13817	26	15130	11553	76	17200	2204	13	45321	69268	153
2010	609790	618008	101	48192	12242	25	12150	8077	66	18640	9948	53	85905	37848	44
2011	701748	866747	124	47216	30184	64	13140	11434	87	19948	9704	49	65112	38610	59
2012	912273	1160841	127	53328	36310	68	13622	9147	67	18463	8566	46	68823	28115	41
2013	1094727	1420877	130	63994	16195	25	13721	9430	69	22156	1735	8	75705	42000	55
2014	1128937	1256198	111	83192	37403	45	14465	4980	53	40373	14029	35	90846	114993	127

Contd..3

Year	Professional and self-employed loan sector			Educational loan sector			Housing loan sector			Consumer sector loan		
	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent	Target	Achievement	Per cent
1999	3459	1936	56	343	132	38	5231	1037	20	731	240	38
2000	4942	1766	36	490	301	61	7473	3767	50	1044	343	33
2001	6177	1952	32	700	273	39	10675	5239	49	1491	490	32
2002	7030	4645	66	986	576	58	15250	11770	77	2130	700	33
2003	6935	2678	39	1070	499	47	19750	7241	37	4147	0	0
2004	5195	1577	30	3835	1075	28	22020	5085	23	1900	0	0
2005	9235	2389	26	4850	566	12	33900	13720	40	4200	209	5
2006	6540	3680	56	6670	749	11	37290	8283	22	4240	898	21
2007	6770	7990	118	8550	4432	52	46613	30711	66	4260	175	4
2008	8780	3680	42	9170	914	10	60596	70001	116	8200	196	2
2009	7978	8184	103	6460	3165	49	72716	78952	109	6265	125	2
2010	7650	2237	29	8780	1294	15	87259	34197	39	4068	442	11
2011	8259	2320	28	8717	5144	59	104710	73033	70	4795	1169	24
2012	9911	4143	42	10167	1857	18	80418	50620	63	5595	5741	103
2013	11893	3314	28	9900	2650	27	96501	6214	6	6155	5892	96
2014	10109	11371	112	12870	1946	15	115801	23571	20	6503	5533	85

highest achievement happened to be 20 per cent and least to be 13 per cent. In majority of the years, lending had not been registered, respectively.

Table 3 presents short falls in lending by private sector banks in Davanagere district for the year 1999 to 2014. Nine priority sectors had been selected for the study. In agriculture sector for eleven years the target had been achieved. In the year 2005, the target achievement was 140 per cent. The highest achievement of targets in agriculture in Davanagere is due to increase in cropping area maize, sugarcane, cotton coupled with government favorable policy towards doubling of credit flow to agriculture. The target achieved in this sector ranged from 61 to 140 per cent. For the year 2005, the target set was Rs. 93,466 thousand while performance happened to be Rs. 1,31,062 thousand. The least achievement of the target happened to be 61 per cent in the year 2002. In case of allied sectors, none of the years, there was achievement towards the target was observed. The targets ranged from 23 per cent to 68 per cent. The highest achievement in the target was registered in the year 2012 with the target of Rs. 53,328 thousand while performance was Rs. 36,310 thousand. The least achievement in the target happened to be in the year 2004. Next was small scale industries sector lending, in the study period none of the year the target was achieved. Achievement in target ranged from 18 per cent to 92 per cent. In the year 2006, the target set was Rs. 10350 thousand and the performance was Rs. 9,507 thousand. The least happened to be in the year 2004 with 18 per cent of the share. In case of transport operators sector, the target achievement ranged from five to 53 per cent, respectively. The highest was found in the year 2010 with the target set of Rs. 18,640 thousand with the performance of Rs. 9,948 thousand. The least achievement of target registered to be in the year 2006 with only five per cent. Retail trade and small business lending was another sector, for three years the sectors had been registered in achievement of the target. The target achievement ranged from 37 per cent to 153 per cent. Highest achievement was registered in the year 2009 with the target of Rs. 45,321 thousand with performance for target of Rs. 69,268 thousand. The least was attained in the year 1999 with 37 per cent. In case of professional and self-employed sector, for three years the target was achieved, target achievement ranged from

26 to 118 per cent. In the 2007, the target set was Rs. 6,770 thousand and performance was Rs. 7,990 thousand by standing first in the sector lending. The least attainment in target was in the year 2005 with 26 per cent. In education sector, the achievement towards the target ranged between 10 to 61 per cent. In the year 2000 the highest achievement towards the target was set Rs. 490 thousand with the performance of Rs. 301 thousand. The least target in achievement towards the target attained in the year 2008 with 10 per cent. In case of housing loan sector, for two years the target had been attained. The target achievement ranged from six to 116 per cent. The highest attainment in the target was registered in the year 2008 with the target set of Rs. 60,596 thousand, performance was Rs. 70,001 thousand. The least achievement was found in the year 2013 with only six per cent. In case of consumer loan sector, only for one year the target was achieved with 103 per cent. The target achievement ranged from two to 103 per cent. For two years, the target achievement registered to be zero per cent. Highest attainment with the target was found to be in the year 2012 with the target set Rs. 5,595 thousand with performance of Rs. 5,741 thousand. The least achievement in target was found in the year 2009 with only two per cent. 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 Sivaseankaraiah (2007) and Shilpa Rani and Garg (2015).

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