

A REVIEW OF PRIORITY SECTOR ADVANCES BY BANKS IN INDIA AS WELL AS PUNJAB (INDIA)

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ABSTRACT

The present paper is related to performance of public and private sector banks in Punjab as well India with respect to priority sector lending. For the purpose of study secondary data has been collected from Basic Statistical Returns of Commercial Banks in India, Trends and Progress of Banking in India, Statistical Abstract of Punjab, Agenda Paper on State Level Bankers' Committee Meetings, and various web sites. The period from 1990-91 to 2007-08 has been chosen for the study. The study found that performance of public sector banks was better in India than Punjab regarding deposit mobilization and credit deployment while performance of private sector banks was better in Punjab in terms of all the parameters of the study. Public sector banks were giving increasing attention to total priority sector, agricultural sector and other priority sector in India and; to small scale industrial sector in Punjab while private sector banks were giving greater attention to all the sectors in Punjab than India during the study period. Further, public sector banks represented greater variability in India than Punjab in terms of percentage share of agricultural advances and small scale industrial advances to total priority sector advances while private sector banks showed greater variability in Punjab than India in terms of percentage share of priority sector advances to total advances and; percentage share of agricultural advances, small scale industrial advances and other priority sector advances to total priority sector advances during the reference period.

Key Words: Growth, performance, priority sector advances, private sector banks and public sector banks.

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INTRODUCTION

Financing of priority sector of the economy by the commercial banks is one of the important indications of the socialistic approach of the banks. Previously, though there were certain regulations, but they did not help in the progress of small scale producers, farmers, transport operators, small businessmen, etc. because of lack of availability of inputs, particularly the credit. The policy of social control and nationalisation of banks in 1969 and 1980 altered the position. Since then, banks have been entrusted the task of reducing the regional economic disparities, eradicating unemployment and helping the underprivileged and neglected sections of the society by providing credit on easy terms. After banking sector reforms, the banks moved further on this path. Priority sector financing has come under sharp focus and has become an important activity of banks. RBI has given different schemes to develop this sector after banking sector reforms. The main focus of this paper is to examine the trend in the performance of commercial banks in Punjab as well as India with respect to priority sector advances and its various components in the post-reforms era.

OBJECTIVES OF THE STUDY

- (1) To study year-wise performance of commercial banks in terms of branch expansion, deposit mobilization and credit deployment in Punjab as well as India.
- (2) To study year-wise performance of commercial banks in terms of priority sector advances in Punjab as well as India.
- (3) To study year-wise performance of commercial banks in terms of various components of priority sector advances in Punjab as well as India.
- (4) To give suggestions on the basis of the study.

RESEARCH METHODOLOGY

For the purpose of study secondary data has been collected from Report on Trend and Progress of Banking in India, Basic Statistical Returns of Schedule Commercial Banks in India, and Statistical Tables Relating to Banks in India, Statistical Abstract of Punjab, Agenda Paper on State Level Bankers' Committee Meetings, and various web sites. The study concentrates on post reforms era. The period from 1990-91 to 2007-08 has been chosen for the study. The scope of study covers the data of public and private sector banks in Punjab as well as India. Statistical tools

like simple percentage, exponential growth rate and co-efficient of variation have been used in the study.

GROWTH AND PERFORMANCE OF BANKS IN INDIA AS WELL AS PUNJAB

Table: 1

Year-wise Total Offices of Public Sector Banks

| Year | Total Offices in India | Total Offices in Punjab | %age Share to India |
|------------------------------------|------------------------|-------------------------|---------------------|
| 1990-91 | 41730 | 1932 | 4.63 |
| 1991-92 | 41996 | 1943 | 4.63 |
| 1992-93 | 42322 | 1963 | 4.64 |
| 1993-94 | 42961 | 2012 | 4.68 |
| 1994-95 | 43363 | 2029 | 4.68 |
| 1995-96 | 45207 | 2046 | 4.53 |
| 1996-97 | 45670 | 2144 | 4.69 |
| 1997-98 | 46164 | 2189 | 4.74 |
| 1998-99 | 46774 | 2230 | 4.77 |
| 1999-00 | 47104 | 2246 | 4.77 |
| 2000-01 | 47377 | 2273 | 4.80 |
| 2001-02 | 47483 | 2283 | 4.81 |
| 2002-03 | 47679 | 2321 | 4.87 |
| 2003-04 | 47919 | 2329 | 4.86 |
| 2004-05 | 48698 | 2361 | 4.85 |
| 2005-06 | 49241 | 2356 | 4.78 |
| 2006-07 | 51061 | 2465 | 4.83 |
| 2007-08 | 54542 | 2565 | 4.70 |
| Exponential Growth Rate (%) | 1.29 | 1.57 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 1 brings out that total offices of public sector banks in Punjab grew at faster rate, i.e., 1.57 per cent than that of the banks in India (1.29 per cent) during 1990-91 to 2007-08. The share of offices of public sector banks in Punjab to that of the banks in India varied between 4.50 and 4.90 per cent during the same time period.

Table: 2

Year-wise Total Offices of Private Sector Banks

| Year | Total Offices in India | Total Offices in Punjab | %age Share to India |
|------------------------------------|------------------------|-------------------------|---------------------|
| 1990-91 | 3800 | 12 | 0.32 |
| 1991-92 | 4007 | 12 | 0.30 |
| 1992-93 | 4038 | 13 | 0.32 |
| 1993-94 | 4143 | 13 | 0.31 |
| 1994-95 | 4218 | 15 | 0.36 |
| 1995-96 | 4410 | 15 | 0.34 |
| 1996-97 | 4618 | 22 | 0.48 |
| 1997-98 | 4851 | 39 | 0.80 |
| 1998-99 | 5079 | 39 | 0.77 |
| 1999-00 | 5131 | 52 | 1.01 |
| 2000-01 | 5299 | 52 | 0.98 |
| 2001-02 | 5549 | 67 | 1.21 |
| 2002-03 | 5531 | 72 | 1.30 |
| 2003-04 | 5855 | 124 | 2.12 |
| 2004-05 | 6400 | 169 | 2.64 |
| 2005-06 | 6683 | 188 | 2.81 |
| 2006-07 | 7228 | 223 | 3.09 |
| 2007-08 | 8068 | 256 | 3.17 |
| Exponential Growth Rate (%) | 4.08 | 22.36 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 2 represents that total offices of private sector banks in Punjab grew at much higher rate, i.e., 22.36 per cent than that of the banks in India (4.08 per cent) during 1990-91 to 2007-08. The share of offices of private sector banks in Punjab to total offices of the banks in India increased continuously from 0.32 in 1990-91 to 3.17 per cent in 2007-08.

Table: 3
Year-wise Total Deposits of Public Sector Banks

(Rs. in lac)

| Year | Total Deposits in India | Total Deposits in Punjab | %age Share to India |
|---------|-------------------------|--------------------------|---------------------|
| 1990-91 | 21613800 | 992315 | 4.59 |
| 1991-92 | 22512500 | 1063140 | 4.72 |
| 1992-93 | 25921000 | 1311689 | 5.06 |
| 1993-94 | 27186200 | 1532680 | 5.64 |
| 1994-95 | 31956100 | 1744147 | 5.46 |
| 1995-96 | 35635600 | 1995341 | 5.60 |
| 1996-97 | 40155000 | 2331777 | 5.81 |
| 1997-98 | 53960500 | 2666439 | 4.94 |
| 1998-99 | 55364300 | 3138367 | 5.67 |
| 1999-00 | 64554200 | 3704177 | 5.74 |
| 2000-01 | 74442500 | 4209989 | 5.66 |
| 2001-02 | 84323100 | 4819399 | 5.72 |
| 2002-03 | 95285300 | 5306219 | 5.57 |
| 2003-04 | 122390900 | 5691965 | 4.65 |
| 2004-05 | 129597800 | 6084249 | 4.69 |
| 2005-06 | 150531600 | 6499447 | 4.32 |

| | | | |
|------------------------------------|--------------|--------------|------|
| 2006-07 | 183376300 | 7566851 | 4.13 |
| 2007-08 | 231552400 | 8751358 | 3.78 |
| Exponential Growth Rate (%) | 15.02 | 13.78 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 3 displays that total deposits of public sector banks in India grew at faster rate, i.e., 15.02 per cent than that of the banks in Punjab (13.78 per cent) during 1990-91 to 2007-08. The share of deposits of public sector banks in Punjab to that of the banks in India fluctuated between 5.81 and 3.78 per cent during the same time period.

Table: 4
Year-wise Total Deposits of Private Sector Banks

(Rs. in lac)

| Year | Total Deposits in India | Total Deposits in Punjab | %age Share to India |
|----------------|--------------------------------|---------------------------------|----------------------------|
| 1990-91 | 3403 | 2307 | 0.68 |
| 1991-92 | 5631 | 2595 | 0.46 |
| 1992-93 | 10127 | 3377 | 0.33 |
| 1993-94 | 13826 | 4510 | 0.33 |
| 1994-95 | 23168 | 6777 | 0.29 |
| 1995-96 | 32047 | 5977 | 0.19 |
| 1996-97 | 45657 | 43155 | 0.95 |
| 1997-98 | 61272 | 63773 | 1.04 |
| 1998-99 | 74561 | 80875 | 1.08 |
| 1999-00 | 97001 | 107042 | 1.10 |
| 2000-01 | 116825 | 123013 | 1.05 |

| | | | |
|------------------------------------|--------------|--------------|------|
| 2001-02 | 180130 | 133711 | 0.74 |
| 2002-03 | 216221 | 161858 | 0.75 |
| 2003-04 | 269409 | 398225 | 1.48 |
| 2004-05 | 312856 | 538746 | 1.72 |
| 2005-06 | 406144 | 687424 | 1.69 |
| 2006-07 | 535770 | 926788 | 1.73 |
| 2007-08 | 657298 | 1062359 | 1.62 |
| Exponential Growth Rate (%) | 34.14 | 48.29 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 4 depicts that total deposits of private sector banks in Punjab grew at higher rate, i.e., 48.29 per cent than that of the banks in India (34.14 per cent) during the period under reference. The share of deposits of private sector banks in Punjab to total deposits of the banks in India varied between 0.19 and 1.73 per cent during 1990-91 to 2007-08.

Table: 5
Year-wise Total Advances of Public Sector Banks
(Rs. in lac)

| Year | Total Advances in India | Total Advances in Punjab | %age Share to India |
|----------------|--------------------------------|---------------------------------|----------------------------|
| 1990-91 | 121678 | 468574 | 3.85 |
| 1991-92 | 135832 | 506762 | 3.73 |
| 1992-93 | 138295 | 546524 | 3.95 |
| 1993-94 | 148388 | 622726 | 4.20 |
| 1994-95 | 167063 | 762914 | 4.57 |

| | | | |
|------------------------------------|--------------|--------------|------|
| 1995-96 | 204257 | 859435 | 4.21 |
| 1996-97 | 222158 | 939788 | 4.23 |
| 1997-98 | 254916 | 1070177 | 4.20 |
| 1998-99 | 295654 | 1271215 | 4.30 |
| 1999-00 | 351383 | 1475463 | 4.20 |
| 2000-01 | 405430 | 1788639 | 4.41 |
| 2001-02 | 473951 | 2057187 | 4.34 |
| 2002-03 | 529244 | 2352694 | 4.45 |
| 2003-04 | 616570 | 2651571 | 4.30 |
| 2004-05 | 817344 | 3153622 | 3.86 |
| 2005-06 | 1075073 | 3824567 | 3.56 |
| 2006-07 | 1374327 | 4990744 | 3.63 |
| 2007-08 | 1722066 | 6147238 | 3.57 |
| Exponential Growth Rate (%) | 16.62 | 16.15 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 5 displays that total advances of public sector banks in India grew at a little higher rate, i.e., 16.62 per cent than that of the banks in Punjab (16.15 per cent) during 1990-91 to 2007-08. The share of advances of public sector banks in Punjab to total advances of the banks in India fluctuated between 3.56 and 4.57 per cent during the same time period.

Table: 6

Year-wise Total Advances of Private Sector Banks

(Rs. in lac)

| Year | Total Advances in India | Total Advances in Punjab | %age Share to India |
|----------------|--------------------------------|---------------------------------|----------------------------|
| 1990-91 | 12067 | 762 | 0.06 |

| | | | |
|------------------------------------|--------------|--------------|------|
| 1991-92 | 12432 | 1383 | 0.11 |
| 1992-93 | 13165 | 1843 | 0.14 |
| 1993-94 | 15452 | 1597 | 0.10 |
| 1994-95 | 18765 | 2031 | 0.11 |
| 1995-96 | 20154 | 2123 | 0.11 |
| 1996-97 | 27055 | 12358 | 0.46 |
| 1997-98 | 35062 | 15582 | 0.44 |
| 1998-99 | 44161 | 27926 | 0.63 |
| 1999-00 | 56877 | 47299 | 0.83 |
| 2000-01 | 82748 | 48613 | 0.59 |
| 2001-02 | 115020 | 46188 | 0.40 |
| 2002-03 | 143091 | 50162 | 0.35 |
| 2003-04 | 174107 | 205650 | 1.18 |
| 2004-05 | 226944 | 461000 | 2.03 |
| 2005-06 | 302941 | 640341 | 2.11 |
| 2006-07 | 390064 | 873724 | 2.24 |
| 2007-08 | 475813 | 896154 | 1.88 |
| Exponential Growth Rate (%) | 26.57 | 55.78 | |

Source: Compiled and Calculated from Basic Statistical Returns of Scheduled Commercial Banks in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 6 displays that total advances of private sector banks in Punjab grew at much greater rate, i.e., 55.78 per cent than that of the banks in India (26.57 per cent) during the period under study. The share of advances of private sector banks in Punjab to total advances of the banks in India varied between 0.06 and 2.24 per cent during 1990-91 to 2007-08.

Table: 7

Year-wise Total Priority Sector Advances of Public Sector Banks

(Rs. in lac)

| Year | TPS adv in India | TPS adv in Punjab | %age Share to India | %age Share of TPS adv to Total Advances in India | % Share of TPS adv to Total Advances in Punjab |
|------------------------------------|------------------|-------------------|---------------------|--------------------------------------------------|------------------------------------------------|
| 1990-91 | 42276 | 257695 | 6.10 | 34.74 | 55.00 |
| 1991-92 | 44995 | 275129 | 6.11 | 33.13 | 54.29 |
| 1992-93 | 48384 | 277100 | 5.73 | 34.99 | 50.70 |
| 1993-94 | 53197 | 295125 | 5.55 | 35.85 | 47.39 |
| 1994-95 | 61794 | 356305 | 5.77 | 36.99 | 46.70 |
| 1995-96 | 69609 | 417518 | 6.00 | 34.08 | 48.58 |
| 1996-97 | 79131 | 466673 | 5.90 | 35.62 | 49.66 |
| 1997-98 | 91319 | 542825 | 5.94 | 35.82 | 50.72 |
| 1998-99 | 107200 | 657784 | 6.14 | 36.26 | 51.74 |
| 1999-00 | 127807 | 765315 | 5.99 | 36.37 | 51.87 |
| 2000-01 | 146546 | 912538 | 6.23 | 36.15 | 51.02 |
| 2001-02 | 171185 | 1026664 | 6.00 | 36.12 | 49.91 |
| 2002-03 | 203095 | 1280278 | 6.30 | 38.37 | 54.42 |
| 2003-04 | 244456 | 1516303 | 6.20 | 39.65 | 57.19 |
| 2004-05 | 310093 | 1875084 | 6.05 | 37.94 | 59.46 |
| 2005-06 | 409748 | 2114773 | 5.16 | 38.11 | 55.29 |
| 2006-07 | 521180 | 2737653 | 5.25 | 37.92 | 54.85 |
| 2007-08 | 608963 | 3282905 | 5.39 | 35.78 | 53.40 |
| Exponential Growth Rate (%) | 17.30 | 16.86 | | | |
| C.V. | | | | 4.35 | 6.32 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 7 displays that total priority sector advances of public sector banks in India grew at greater rate, i.e., 17.30 per cent than that of the banks in Punjab (16.86 per cent) during the study period. The share of priority sector advances of public sector banks in Punjab to that of the banks in India varied between 6.30 and 5.16 per cent during 1990-91 to 2007-08. Further, the share of priority sector advances of the banks in India to total advances of the banks in India varied between 33.13 and 39.65 per cent and the share of priority sector advances of the banks to total advances of the banks in Punjab varied between 46.70 and 59.46 per cent during the same time period. Public sector banks in Punjab had greater variability (6.32) than that of India in terms of the share of priority sector advances to total advances during the study period.

Table: 8

Year-wise Total Priority Sector Advances of Private Sector Banks

(Rs. in lac)

| Year | TPS adv in India | TPS adv in Punjab | %age Share to India | %age Share of TPS adv to Total Advances in India | % Share of TPS adv to Total Advances in Punjab |
|---------|------------------|-------------------|---------------------|--------------------------------------------------|------------------------------------------------|
| 1990-91 | 2688 | 440 | 0.16 | 22.28 | 57.77 |
| 1991-92 | 2819 | 1122 | 0.40 | 22.68 | 81.13 |
| 1992-93 | 3319 | 580 | 0.17 | 25.21 | 31.47 |
| 1993-94 | 3846 | 867 | 0.23 | 24.89 | 54.30 |
| 1994-95 | 4064 | 557 | 0.14 | 21.66 | 27.42 |
| 1995-96 | 6283 | 1244 | 0.20 | 31.17 | 58.60 |
| 1996-97 | 8832 | 3418 | 0.39 | 32.64 | 27.66 |
| 1997-98 | 11614 | 4951 | 0.43 | 33.12 | 31.77 |
| 1998-99 | 14155 | 8676 | 0.61 | 32.05 | 31.07 |
| 1999-00 | 18019 | 21366 | 1.19 | 31.68 | 45.17 |
| 2000-01 | 21550 | 24261 | 1.13 | 26.04 | 49.91 |
| 2001-02 | 25709 | 15793 | 0.61 | 22.35 | 34.19 |

| | | | | | |
|--------------------------------------------|--------------|--------------|------|--------------|--------------|
| 2002-03 | 36705 | 14915 | 0.41 | 25.65 | 29.73 |
| 2003-04 | 48920 | 61496 | 1.26 | 28.10 | 29.90 |
| 2004-05 | 69384 | 147414 | 2.12 | 30.57 | 31.98 |
| 2005-06 | 106586 | 274856 | 2.58 | 35.18 | 42.92 |
| 2006-07 | 143768 | 301254 | 2.10 | 36.86 | 34.48 |
| 2007-08 | 163223 | 353599 | 2.17 | 34.67 | 39.38 |
| Exponential Growth Rate (%) | 29.15 | 52.24 | | | |
| C.V. | | | | 16.82 | 34.16 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 8 presents that total priority sector advances of private sector banks in Punjab grew at much faster rate, i.e., 52.24 per cent than that of the banks in India (29.15 per cent) during the study period. The share of priority sector advances of private sector banks in Punjab to that of the banks in India varied between 0.14 and 2.58 per cent during 1990-91 to 2007-08. Further, the share of priority sector advances of the banks in India to total advances of the banks in India varied between 21.66 and 36.86 per cent and the share of priority sector advances of the banks in Punjab to total advances of the banks in Punjab varied between 81.13 and 27.42 per cent during the same time period. Private sector banks in Punjab had greater variability (34.16) than that of India in terms of the share of priority sector advances to total advances during the study period.

Table: 9

Year-wise Total Agricultural Advances of Public Sector Banks

(Rs. in lac)

| Year | Total AGR adv | Total AGR | %age Share to | % age Share | % age Share |
|------|---------------|-----------|---------------|-------------|-------------|
|------|---------------|-----------|---------------|-------------|-------------|

| | in India | adv in Punjab | India | of AGR adv. to TPS Advances in India | of AGR adv. to TPS Advances in Punjab |
|--------------------------------------------|--------------|------------------|-------|-----------------------------------------------|------------------------------------------------|
| 1990-91 | 16871 | 122993 | 7.29 | 39.91 | 47.73 |
| 1991-92 | 18464 | 130433 | 7.06 | 41.04 | 47.41 |
| 1992-93 | 19935 | 134616 | 6.75 | 41.20 | 48.58 |
| 1993-94 | 21204 | 137021 | 6.46 | 39.86 | 46.43 |
| 1994-95 | 23513 | 156406 | 6.65 | 38.05 | 43.90 |
| 1995-96 | 26351 | 178719 | 6.78 | 37.86 | 42.81 |
| 1996-97 | 31012 | 200727 | 6.47 | 39.19 | 43.01 |
| 1997-98 | 34305 | 220291 | 6.42 | 37.57 | 40.58 |
| 1998-99 | 40078 | 281112 | 7.01 | 37.39 | 42.74 |
| 1999-00 | 46190 | 332556 | 7.20 | 36.14 | 43.45 |
| 2000-01 | 53685 | 401914 | 7.49 | 36.63 | 44.04 |
| 2001-02 | 63082 | 464459 | 7.36 | 36.85 | 45.24 |
| 2002-03 | 73507 | 588141 | 8.00 | 36.19 | 45.94 |
| 2003-04 | 84435 | 660972 | 7.83 | 34.54 | 43.59 |
| 2004-05 | 112475 | 826866 | 7.35 | 36.27 | 44.10 |
| 2005-06 | 155220 | 981818 | 6.33 | 37.88 | 46.43 |
| 2006-07 | 205091 | 1203420 | 5.87 | 39.35 | 43.96 |
| 2007-08 | 248685 | 1472589 | 5.92 | 40.84 | 44.86 |
| Exponential Growth Rate (%) | 16.82 | 16.58 | | | |
| C.V. | | | | 4.90 | 4.46 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 9 displays that agricultural advances of public sector banks in India grew at a little higher rate, i.e., 16.82 per cent than that of the banks in Punjab (16.58 per cent) during the study period. The share of agricultural advances of public sector banks in Punjab to that of the banks in India varied between 8.00 and 5.87 per cent during 1990-91 to 2007-08. Further, the share of agricultural advances of the banks in India to total priority sector advances of the banks in India varied between 34.54 and 41.20 per cent and the share of agricultural advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 40.58 and 48.58 per cent during the same time period. Public sector banks in India had greater variability (4.90) than that of Punjab in terms of the share of agricultural advances to total priority sector advances during the study period.

Table: 10
Year-wise Total Agricultural Advances of Private Sector Banks

(Rs. in lac)

| Year | Total AGR adv in India | Total AGR adv in Punjab | %age Share to India | % age Share of AGR adv. to TPS Advances in India | % age Share of AGR adv. to TPS Advances in Punjab |
|---------|------------------------|-------------------------|---------------------|--------------------------------------------------|---------------------------------------------------|
| 1990-91 | 496 | 21 | 0.04 | 18.45 | 4.68 |
| 1991-92 | 519 | 598 | 1.15 | 18.41 | 53.30 |
| 1992-93 | 566 | 15 | 0.03 | 17.05 | 2.59 |
| 1993-94 | 634 | 1 | 0.00 | 16.48 | 0.12 |
| 1994-95 | 816 | 1 | 0.00 | 20.08 | 0.26 |
| 1995-96 | 1233 | 5 | 0.00 | 19.62 | 0.40 |
| 1996-97 | 1953 | 827 | 0.42 | 22.11 | 24.21 |
| 1997-98 | 2746 | 305 | 0.11 | 23.64 | 6.16 |
| 1998-99 | 3257 | 2303 | 0.71 | 23.01 | 26.54 |
| 1999-00 | 4239 | 3527 | 0.83 | 23.53 | 16.51 |
| 2000-01 | 5394 | 1753 | 0.32 | 25.03 | 7.23 |

| | | | | | |
|------------------------------------|--------------|--------------|------|--------------|--------------|
| 2001-02 | 8022 | 3228 | 0.40 | 31.20 | 20.44 |
| 2002-03 | 11873 | 3028 | 0.26 | 32.35 | 20.30 |
| 2003-04 | 14730 | 16615 | 1.13 | 30.11 | 27.02 |
| 2004-05 | 21475 | 69652 | 3.24 | 30.95 | 47.25 |
| 2005-06 | 36712 | 126444 | 3.44 | 34.44 | 46.00 |
| 2006-07 | 52056 | 142629 | 2.74 | 36.21 | 47.35 |
| 2007-08 | 57702 | 188179 | 3.26 | 35.35 | 53.22 |
| Exponential Growth Rate (%) | 35.48 | 89.97 | | | |
| C.V. | | | | 25.60 | 84.48 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 10 depicts that agricultural advances of private sector banks in Punjab grew at much higher rate, i.e., 89.97 per cent than that of the banks in India (35.48 per cent) during the study period. The share of agricultural advances of private sector banks in Punjab to that of the banks in India varied between 0.00 and 3.44 per cent during 1990-91 to 2007-08. Further, the share of agricultural advances of the banks in India to total priority sector advances of the banks in India varied between 16.48 and 36.21 per cent and the share of agricultural advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 0.12 and 53.30 per cent during the same time period. Private sector banks in Punjab had greater variability (84.48) than that of India in terms of the share of agricultural advances to total priority sector advances during the study period.

Table: 11

Year-wise Total Small Scale Industrial Advances of Public Sector Banks

(Rs. in lac)

| | Total SSI adv | Total SSI adv | %age Share to | % age Share | % age Share |
|--|---------------|---------------|---------------|-------------|-------------|
|--|---------------|---------------|---------------|-------------|-------------|

| Year | in India | in Punjab | India | of SSI adv. to TPS Advances in India | of SSI adv. to TPS Advances in Punjab |
|--------------------------------------------|--------------|--------------|-------|--------------------------------------------|---------------------------------------------|
| 1990-91 | 16756 | 95175 | 5.68 | 39.63 | 36.93 |
| 1991-92 | 17689 | 103226 | 5.84 | 39.31 | 37.52 |
| 1992-93 | 17487 | 104870 | 6.00 | 36.14 | 37.85 |
| 1993-94 | 21561 | 120854 | 5.61 | 40.53 | 41.35 |
| 1994-95 | 25843 | 150499 | 5.82 | 41.82 | 42.24 |
| 1995-96 | 29482 | 188120 | 6.38 | 42.35 | 29.96 |
| 1996-97 | 31542 | 209963 | 6.66 | 39.86 | 44.99 |
| 1997-98 | 38109 | 253269 | 6.65 | 41.73 | 46.66 |
| 1998-99 | 42674 | 289310 | 6.78 | 39.81 | 43.98 |
| 1999-00 | 45788 | 313099 | 6.84 | 35.83 | 40.91 |
| 2000-01 | 48445 | 347054 | 7.16 | 33.06 | 38.03 |
| 2001-02 | 49743 | 366209 | 7.36 | 29.06 | 35.67 |
| 2002-03 | 52988 | 396233 | 7.48 | 26.09 | 30.95 |
| 2003-04 | 58311 | 440110 | 7.55 | 23.85 | 29.03 |
| 2004-05 | 67634 | 504021 | 7.45 | 21.81 | 26.88 |
| 2005-06 | 82434 | 571518 | 6.93 | 20.12 | 27.03 |
| 2006-07 | 104703 | 770448 | 7.36 | 20.09 | 28.14 |
| 2007-08 | 148651 | 974308 | 6.55 | 24.41 | 29.68 |
| Exponential Growth Rate (%) | 12.14 | 13.90 | | | |
| C.V. | | | | 24.39 | 17.77 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 11 displays that small scale industrial advances of public sector banks in Punjab grew at a little higher rate, i.e., 13.90 per cent than that of the banks in India (12.14 per cent) during the study period. The share of small scale industrial advances of public sector banks in Punjab to that of the banks in India varied between 5.61 and 7.55 per cent during 1990-91 to 2007-08. Further, the share of agricultural advances of the banks in India to total priority sector advances of the banks in India varied between 34.54 and 41.20 per cent and the share of small scale industrial advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 40.58 and 48.58 per cent during the same time period. Public sector banks in Punjab had greater variability (17.77) than that of India in terms of the share of small scale industrial advances to total priority sector advances during the study period.

Table: 12**Year-wise Total Small Scale Industrial Advances of Private Sector Banks****(Rs. in lac)**

| Year | Total SSI adv in India | Total SSI adv in Punjab | %age Share to India | % age Share of SSI adv. to TPS Advances in India | % age Share of SSI adv. to TPS Advances in Punjab |
|---------|---------------------------|----------------------------|------------------------|-----------------------------------------------------------|------------------------------------------------------------|
| 1990-91 | 1594 | 164 | 0.10 | 59.30 | 37.33 |
| 1991-92 | 1693 | 272 | 0.16 | 60.06 | 24.24 |
| 1992-93 | 2131 | 207 | 0.10 | 64.21 | 35.69 |
| 1993-94 | 2378 | 376 | 0.16 | 61.83 | 43.32 |
| 1994-95 | 3050 | 259 | 0.08 | 75.05 | 46.48 |
| 1995-96 | 3482 | 447 | 0.13 | 55.42 | 35.93 |
| 1996-97 | 4754 | 2116 | 0.45 | 53.83 | 61.91 |
| 1997-98 | 5848 | 4098 | 0.70 | 50.35 | 82.77 |
| 1998-99 | 6451 | 5065 | 0.79 | 45.57 | 58.38 |
| 1999-00 | 7313 | 6684 | 0.91 | 40.58 | 31.28 |
| 2000-01 | 8158 | 7868 | 0.96 | 37.86 | 32.43 |
| 2001-02 | 8613 | 8073 | 0.94 | 33.50 | 51.12 |

| | | | | | |
|------------------------------------|--------------|--------------|------|--------------|--------------|
| 2002-03 | 6857 | 6647 | 0.97 | 18.68 | 44.57 |
| 2003-04 | 7590 | 10254 | 1.35 | 15.52 | 16.67 |
| 2004-05 | 8668 | 9671 | 1.12 | 12.49 | 6.56 |
| 2005-06 | 10421 | 11310 | 1.09 | 9.78 | 4.11 |
| 2006-07 | 13063 | 15089 | 1.16 | 9.09 | 5.01 |
| 2007-08 | 26069 | 49269 | 1.89 | 28.24 | 13.93 |
| Exponential Growth Rate (%) | 14.36 | 37.12 | | | |
| C.V. | | | | 50.21 | 58.90 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 12 depicts that small scale industrial advances of private sector banks in Punjab grew at much higher rate, i.e., 37.12 per cent than that of the banks in India (14.36 per cent) during the study period. The share of small scale industrial advances of private sector banks in Punjab to that of the banks in India varied between 0.00 and 1.89 per cent during 1990-91 to 2007-08. Further, the share of small scale industrial advances of the banks in India to total priority sector advances of the banks in India varied between 09.00 and 75.05 per cent and the share of small scale industrial advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 4.11 and 82.77 per cent during the same time period. Private sector banks in Punjab had greater variability (58.90) than that of India in terms of the share of small scale industrial advances to total priority sector advances during the study period.

Table: 13

Year-wise Total Other Priority Sector Advances of Public Sector Banks

(Rs. in lac)

| Year | Total OPS adv in India | Total OPS adv in Punjab | %age Share to India | % age Share of OPS adv. | % age Share of OPS adv. |
|------|------------------------|-------------------------|---------------------|-------------------------|-------------------------|
| | | | | | |

| | | | | to TPS Advances in India | to TPS Advances in Punjab |
|--------------------------------------------|--------------|--------------|------|--------------------------------|---------------------------------|
| 1990-91 | 8649 | 39527 | 4.57 | 20.46 | 15.34 |
| 1991-92 | 8842 | 41470 | 4.69 | 19.65 | 15.07 |
| 1992-93 | 9236 | 37614 | 4.07 | 19.09 | 13.57 |
| 1993-94 | 10432 | 37250 | 3.57 | 19.61 | 12.62 |
| 1994-95 | 12438 | 49400 | 3.97 | 20.13 | 13.86 |
| 1995-96 | 13751 | 50679 | 3.69 | 19.75 | 8.07 |
| 1996-97 | 16548 | 55983 | 3.38 | 20.91 | 12.00 |
| 1997-98 | 18881 | 69265 | 3.67 | 20.68 | 12.76 |
| 1998-99 | 24448 | 87362 | 3.57 | 22.81 | 13.28 |
| 1999-00 | 32079 | 119660 | 3.73 | 25.10 | 15.64 |
| 2000-01 | 40395 | 163570 | 4.05 | 27.56 | 17.92 |
| 2001-02 | 53712 | 195996 | 3.65 | 31.38 | 19.09 |
| 2002-03 | 71448 | 295904 | 4.14 | 35.18 | 23.11 |
| 2003-04 | 101710 | 415221 | 4.08 | 41.61 | 27.38 |
| 2004-05 | 129984 | 544197 | 4.19 | 41.92 | 29.02 |
| 2005-06 | 163756 | 561437 | 3.43 | 39.97 | 26.55 |
| 2006-07 | 201023 | 763785 | 3.80 | 38.57 | 27.90 |
| 2007-08 | 211627 | 836008 | 3.95 | 34.75 | 25.47 |
| Exponential Growth Rate (%) | 23.59 | 23.04 | | | |
| C.V. | | | | 30.49 | 34.97 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 13 displays that other priority sector advances of public sector banks in India grew at a little higher rate, i.e., 23.59 per cent than that of the banks in Punjab (23.04 per cent) during the study period. The share of other priority sector advances of public sector banks in Punjab to that of the banks in India varied between 3.38 and 4.69 per cent during 1990-91 to 2007-08. Further, the share of other priority sector advances of the banks in India to total priority sector advances of the banks in India varied between 19.09 and 41.92 per cent and the share of other priority sector advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 8.07 and 29.02 per cent during the same time period. Public sector banks in Punjab had greater variability (34.97) than that of India in terms of the share of other priority sector advances to total priority sector advances during the study period.

Table: 14**Year-wise Total Other Priority Sector Advances of Private Sector Banks****(Rs. in lac)**

| Year | Total OPS adv in India | Total OPS adv in Punjab | %age Share to India | % age Share of OPS adv. to TPS Advances in India | % age Share of OPS adv. to TPS Advances in Punjab |
|---------|------------------------|-------------------------|---------------------|--------------------------------------------------|---------------------------------------------------|
| 1990-91 | 598 | 255 | 0.43 | 22.25 | 58.01 |
| 1991-92 | 607 | 252 | 0.42 | 21.53 | 22.46 |
| 1992-93 | 622 | 162 | 0.26 | 18.74 | 27.93 |
| 1993-94 | 834 | 115 | 0.14 | 21.68 | 13.24 |
| 1994-95 | 1098 | 297 | 0.27 | 27.02 | 53.25 |
| 1995-96 | 1568 | 345 | 0.22 | 24.96 | 27.71 |
| 1996-97 | 2125 | 475 | 0.22 | 24.06 | 13.88 |
| 1997-98 | 3020 | 548 | 0.18 | 26.00 | 11.07 |
| 1998-99 | 4447 | 1308 | 0.29 | 31.42 | 15.08 |
| 1999-00 | 6467 | 11155 | 1.72 | 35.89 | 52.21 |
| 2000-01 | 7998 | 14640 | 1.83 | 37.11 | 60.34 |

| | | | | | |
|--------------------------------------------|--------------|--------------|------|--------------|--------------|
| 2001-02 | 9074 | 4492 | 0.50 | 35.30 | 28.44 |
| 2002-03 | 17602 | 5240 | 0.30 | 47.96 | 35.13 |
| 2003-04 | 26600 | 34627 | 1.30 | 54.37 | 56.31 |
| 2004-05 | 39241 | 68091 | 1.74 | 56.56 | 46.19 |
| 2005-06 | 57777 | 135720 | 2.35 | 54.21 | 49.38 |
| 2006-07 | 76925 | 142806 | 1.86 | 53.51 | 47.40 |
| 2007-08 | 79452 | 116151 | 1.46 | 48.68 | 32.85 |
| Exponential Growth Rate (%) | 38.16 | 57.79 | | | |
| C.V. | | | | 36.65 | 45.69 |

Source: Compiled and calculated from Report on Trend and Progress of Banking in India from 1990-91 to 2007-08 and Agenda Papers on State Level Bankers' Committee Meetings, Punjab from 1990-91 to 2007-08.

Table 14 presents that other priority sector advances of private sector banks in Punjab grew at a faster rate, i.e., 57.79 per cent than that of the banks in India (38.16 per cent) during the study period. The share of other priority sector advances of the banks in Punjab to that of the banks in India varied between 0.14 and 2.35 per cent during 1990-91 to 2007-08. Further, the share of other priority sector advances of the banks in India to total priority sector advances of the banks in India varied between 18.74 and 56.56 per cent and the share of other priority sector advances of the banks in Punjab to total priority sector advances of the banks in Punjab varied between 11.07 and 60.34 per cent during the same time period. Private sector banks in Punjab had greater variability (45.69) than that of India in terms of the share of other priority sector advances to total priority sector advances during the study period.

Thus in the end, it can be concluded that public sector banks presented better performance in India in terms of deposit mobilization, credit deployment, total priority sector advances, agricultural advances and other priority sector advances and; in Punjab in terms of branch expansion and small scale industrial advances only. Private sector banks showed better performance in Punjab in terms of all the parameters of the study. The percentage share of private

sector banks in Punjab in terms of branch expansion, deposit mobilization and credit deployment to that of total in India was considerably low. This shows that public sector banks were giving increasing attention to total priority sector, agricultural sector and other priority sector in India and; to small scale industrial sector in Punjab while private sector banks were giving greater attention to all the sectors in Punjab than India during the study period. Further, public sector banks represented greater variability in India in terms of percentage share of agricultural advances and small scale industrial advances to total priority sector advances while private sector banks showed greater variability in Punjab in terms of percentage share of priority sector advances to total advances and; percentage share of agricultural advances, small scale industrial advances and other priority sector advances to total priority sector advances during the reference period. Public sector banks depicted greater variability in Punjab, in terms of percentage share of priority sector advances to total advances and percentage share of other priority sector advances to total priority sector advances during the same time period.

SUGGESTIONS

- 1 Growth of private sector banks in India in terms of branch expansion, deposit mobilization and credit deployment was very much far away from the banks in Punjab. They should make consistent efforts to show their good presence in India and improve their performance in this regard.
- 2 Undoubtedly, the growth rate of private sector banks in Punjab in terms of branch expansion, deposit mobilization and credit deployment was more than in India, but the percentage share of these parameters of the banks in Punjab to that of total in India was considerably low. The banks should strive hard for improving their contribution in these respects.
- 3 Private sector banks should improve their performance in India in terms of priority sector advances, agricultural advances, small scale industrial advances and other priority sector advances. Recognizing the importance of this sector in present economy, the banks should formulate policies at national level to increase their contribution to this sector.
- 4 Small scale industrial sector is contributing increasing amount to the GDP of the country. Public sector banks should also finance this sector at higher rate.
- 5 Private sector banks in Punjab should make efforts to reduce the variability in disbursement of agricultural advances and small scale industrial advances.

ABBREVIATIONS

AGR Agricultural

OPS Other Priority Sector

SSI Small Scale Industrial

TPS Total Priority Sector

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