

BANK ADVANCES: A COMPARITIVE STUDY OF INDIAN PUBLIC AND PRIVATE SECTOR BANKS

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Abstract— The objective of this paper is to study the priority sector lending is a scheme guided by government and RBI to commercial banks about obligatory deployment of credit to preferred and desired sectors and sections of the economy. Preferred sectors and sections are agriculture, small scale industries, small businessman, education, housing finance etc, and sections of the society are below income persons. Mainly this paper is related to the role of public and private sector commercial banks. The period from 1997- 2003 has been chosen for the study. The scope of the study covers the data of public and private sector banks of Udaipur and Ajmer districts, Rajasthan, India. It is found that the Agriculture advances, Small scale industries and others had been almost improved in overall period of study. The study found that overall performance of private sector banks in respect of all parameters was better than that of public sector banks over the period of study.

Key words: Bank Advances, Public sector banks, private sector banks, Agriculture, Ajmer, Udaipur

Introduction

Banking industry play important role in the financial system of India, it is still characterized by the existence of both the organized and unorganized segments. Institutions in the organized financial system have grown significantly and are playing an increasingly important role. The unorganized sector comprises of the moneylenders and indigenous bankers catering to the credit needs of a large number of persons especially in the country side. Organized financial sector has a wide mixture which comprised of commercial banks, co-operative banks and the other institutions. Amongst the institutions in the organized sector, commercial banks are the oldest institutions having a wide network of branches, commanding utmost public confidence and having the lion's share in total banking system. Commercial bank plays a pivotal role in the economic development of a country. Economic development involves investment in the various sectors of economy. The banks collect saving from the people and mobilise saving for investment in industrial projects. They are simple business or commercial concerns which provide various types of services to customers in return for payment in one form or another. They have been in existence in India for the past several decades. Historically, they were started and

developed by the industrialists/ businessmen in the metropolitan cities and port towns. Banking was, therefore, concentrated mainly in big cities. Within these big cities also, it was mainly the well placed traders, businessmen and the industrialists who availed of most of the credit facilities. The small common man or the agriculture sector did not receive loan at all [1]. In 1969 Govt. of India policy decided to nationalization of fourteen commercial banks in 1969 and that of six commercial banks in the year in 1980 was to extend and expand credit not only to those sectors which were of crucial importance in terms of their contribution to national income and employment, but also to those sectors which had been severely neglected in terms of access to institutional credit. The sectors that were initially identified for this purpose were agriculture, small industry and self-employment, etc. These sectors were to be accorded priority status in credit allocation by the banks. The commercial banks were advised to grant at least 40 percent of their total advances to the priority sector comprising of agriculture, small scale industries, small road and transport operators, retail trade, small business, professional & self employed persons, education etc. As Banking sector underwent remarkable changes after reforms. An attempt has been made in this paper to analyze the growth of commercial banks (public sector banks and private sector banks) in two districts of Rajasthan, India during the post reforms period.

A. A Brief Literature review

M.A.Oommen (1972) states that commercial banks have an important role in financing SSI units in Kerala. Though the financial institution at state level and all India level provided financial assistance to SSI units for meeting their fixed and working capital requirements, the major part of the financial requirements of SSI units are satisfied by the loans and advances of commercial banks

Nambiar P. C.D. (1977) conducted a study on financing of Priority Sector. He is of the view that the commercial bank's neglect of priority sectors including agriculture, small scale industries, small artisans, self employed persons, etc, is one of the major reasons for their backwardness. The banks are reluctant to take up the financing of the priority sectors due to the smallness of their size and their precarious existence at the

margin of viability. Their urban origin, security orientation, methods and procedures of operations are not suitable for financing the priority sectors. Financing of priority sectors is a new experience for the banks and presents a number of problems. They have to reorient their lending policies with a shift of emphasis from security to viability of the project. He also states that the role of commercial banks in the priority sectors does not end with the provision of finance but it also includes the evaluation of the feasibility of a project and to aid the entrepreneurs to select the right type of projects. An improved co-ordination between various agencies including government agencies and commercial banks is necessary for a better result

Singh and Balraj (1979) conducted a study on advantages of loans from banks in Hissar District of Haryana, and states that rural people are under the exploitation of money lenders. Majority of the villagers depend on the money lenders for their personal and business purposes because of their mode of operation is best suited to the rural people. Operation of a nationalized bank in the village can relieve the rural people from the exploitation of money lenders to a certain extent. They also report that the banking facilities are not easily accessible to the rural people because of the cumbersome procedure, unnecessary formalities and delay in disbursement of loans

A. V. Dhond (1994) conducted a study on the role of commercial banks in the Development of Small Scale Industries. In the study, he remarks that the importance of small scale industries in the economic development of our country cannot be ignored. The multi-national companies which, are going to set up their units in India will increase the demand for the products of SSI units. Thus the SSI units have a bright future in the country. Therefore, the commercial banks should take necessary steps to increase the credit to SSI units

B. Objectives of the study

- To study the contribution of public and private sector banks in financing priority sector
- To examine the facts about sanctioned advances by the banks and their status in the area of study

C. Research Methodology

For the purpose of the study relevant data has been collected from the selected banks branches of urban, semi urban, rural in Ajmer and Udaipur districts. The period from 1997-2003 has been chosen to study. The scope of study covers the data of public sector and private sector banks in Ajmer and Udaipur districts in India. Suitable tools have been used in the study

D. Results and Discussion

Table.1 depicts that the performance of public and private sector commercial banks i.e., SBBJ and BOR in urban, semi urban, rural regions of Udaipur district regarding agriculture advance.. In both public and private sector banks no records / figures were available regarding advances from urban areas.

In semi urban area the agriculture advances of public sector banks was maximum of Rs 8414 lakhs to minimum of Rs 6738lakhs with in the period of 1997-2003. In percentage it is about 97% of the total sanction amount utilized in agriculture sector. The advance given in private sector banks are around maximum of 106 lakhs and Overall percentage is about 59% of total sanctioned amount utilized in agriculture sector in study period. The share of agricultural advances to total priority sector advances of public sector banks fluctuated between 96 per cent and 98 per cent, while that of private sector banks fluctuated between 34 and 59 per cent during the same time period which signifies that total priority sector advances in greater percentage went to agriculture sector. This shows that public sector banks were improving faster in this regard, but private sector banks were not paying much attention to agriculture sector.

In rural area the agriculture advances of public sector banks was maximum of Rs 216 lakhs to minimum of Rs 117 lakhs with in the period of 1997-2003. In percentage it is about 3.58% of the total sanction amount utilized in agriculture sector. The advances given in private sector banks are around maximum of 92 lakhs and percentage is about 46.94% of total sanctioned amount utilized in agriculture sector in study period. The share of agricultural advances to total priority sector advances of public sector banks fluctuated between 1.32 per cent and 3.58 per cent, while that of private sector banks fluctuated between 65.38 and 40.78 per cent during the same time period which signifies that total priority sector advances in greater percentage went to agriculture sector. This shows that private sector banks were improving faster in this regard, but public sector banks were not paying much attention to agriculture sector.

From the extracted data from field survey of small scale industries sector advances is given in table.2 in Udaipur district. In urban area the advances for small scale industries (SSI) of public sector banks was maximum of Rs 396 lakhs to minimum of Rs 22lakhs with in the period of 1997-2003. In percentage it is about 4.31% of the total sanction amount utilized in SSI sector. The advance given in private sector banks are around maximum of 315 lakhs and Overall percentage is about 91.30% of total sanctioned amount utilized in SSI sector in study period.

In semi urban area the SSI advances of public sector banks was maximum of Rs 14526 lakhs to minimum of Rs 8050 lakhs with in the period of 1997-2003. In percentage it is about 99.63% of the total sanction amount utilized in SSI sector. The advance given in private sector banks are around maximum of 35 lakhs and Overall percentage is about 19.89% of total sanctioned amount utilized in SSI sector in study period.

In rural area the SSI advances of public sector banks was maximum of Rs 42 lakhs to minimum of Rs 26 lakhs with in the period of 1997-2003. In percentage it is about 0.33% of the total sanction amount utilized in SSI sector. The advances given in private sector banks are around maximum of 22 lakhs and percentage is about 12.50% of total sanctioned amount utilized in SSI sector in study period.

Overall scenario of small scale industries advances in the study period states that the performance of public and private sector commercial banks i.e., SBBI and BOR in urban, semi urban, rural regions of Udaipur district. It is observed from the table.2 that private sector banks are more encourage

than public sector bank in urban areas. Figures in the table.2 depicts that SSI advances in semi urban and rural areas more encourage in public sector banks than private banks.

UDAIPUR DISTRICT

Table.1: Agriculture Advance by public and private sector commercial banks in Udaipur Districts

PUBLIC SECTOR BANK(SBBI)								PRIVATE SECTOR BANK(BOR)						
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL
1997-98	0	0	8414	98.63	117	1.37	8531	0	0	27	34.62	51	65.38	78
1998-99	0	0	7721	98.00	157	1.99	7978	0	0	36	38.71	57	61.29	93
1999-00	0	0	7413	97.85	163	2.15	7576	0	0	57	45.06	68	54.40	125
2000-01	0	0	8161	98.05	162	1.95	8323	0	0	97	54.19	82	45.81	179
2001-02	0	0	8854	98.68	118	1.32	8972	0	0	104	53.06	92	46.94	196
2002-03	0	0	7039	96.42	261	3.58	7300	0	0	94	59.12	65	40.88	159
2003-04	0	0	6738	97.06	204	2.94	6942	0	0	106	59.22	73	40.78	179

U-Urban
SU-Semi-Urban
R-Rural
Amount in lakhs
Source: Field survey

Table.2 : Small Scale Industries Advance by public and private sector commercial banks in Udaipur Districts

PUBLIC SECTOR BANK(SBBI)								PRIVATE SECTOR BANK(BOR)						
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL
1997-98	238	2.87	8050	97.13	0	0	8288	87	87	9	9	4	4	100
1998-99	369	4.31	8190	95.69	0	0	8559	93	81.58	18	15.79	3	2.63	114
1999-00	396	3.18	12024	96.60	27	0.22	12447	145	81.01	32	17.88	2	1.12	179
2000-01	370	2.62	13734	94.17	30	0.21	14134	169	83.66	25	12.38	8	3.96	202
2001-02	22	0.15	14526	99.63	32	0.22	14580	315	91.30	24	6.96	6	1.74	345
2002-03	389	3.21	11712	96.58	26	0.21	12127	227	83.76	27	9.96	17	6.27	271
2003-04	370	2.88	12454	96.80	42	0.33	12866	119	67.61	35	19.89	22	12.50	176

U-Urban
SU-Semi-Urban
R-Rural
Amount in lakhs
Source: Field survey

From the data which is attained from field survey was consolidated in table .3 for other’s advances. In urban area the advances for other’s of public sector banks was maximum of Rs 7873 lakhs to minimum of Rs 2329 lakhs with in the period of 1997-2003. In percentage it is about 84.26% of the total sanction amount utilized in other’s sector. The advances given in private sector banks are around maximum of 1512 lakhs and Overall percentage is about 98.95% of total sanctioned amount utilized in other’s sector in study period.

In semi urban area the others advance of public sector banks was maximum of Rs 2018 lakhs to minimum of Rs 263 lakhs with in the period of 1997-2003. In percentage it is about 33.27% of the total sanction amount utilized in other’s

sector. The advance given in private sector banks are around maximum of 17 lakhs and Overall percentage is about 1.26% of total sanctioned amount utilized in other’s sector in study period.

In rural area the other’s advances of public sector banks was maximum of Rs 45 lakhs to minimum of Rs 5 lakhs with in the period of 1997-2003. In percentage it is about 0.81% of the total sanction amount utilized in other’s sector. The advances given in private sector banks are around maximum of 11 lakhs and percentage is about 0.82% of total sanctioned amount utilized in other’s sector in study period. It has been observed from the data presented in table.3 that public sector banks are more initiative in giving advances than private sector bank in Urban, Semi-urban, Rural areas in Udaipur district.

Table.3: Others Advance by public and private sector commercial banks in Udaipur Districts

PUBLIC SECTOR BANK(SBBI)								PRIVATE SECTOR BANK(BOR)						
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL
1997-1998	2329	89.68	263	10.13	5	0.19	2597	706	98.60	8	1.12	2	0.28	716
1998-1999	3076	87.44	435	12.36	7	0.20	3518	817	98.43	9	1.08	4	0.48	830
1999-2000	3721	79.92	922	19.80	13	0.28	4656	980	98.49	12	1.21	3	0.30	995
2000-2001	4701	79.91	1164	19.79	18	0.31	5883	1426	98.89	8	0.55	8	0.55	1442
2001-2002	7873	84.26	1444	15.45	27	0.29	9344	1512	98.95	11	0.72	5	0.33	1528
2002-2003	4143	74.72	1357	24.47	45	0.81	5545	1318	97.92	17	1.26	11	0.82	1346
2003-2004	4005	66.02	2018	33.27	43	0.71	6066	567	96.26	13	2.21	9	1.53	589

U-Urban

SU-Semi-Urban

R-Rural

Amount in lakhs

Source: Field survey

From table.4 the data was advances of agriculture of Ajmer district. In urban area the advances for Agriculture Advances of public sector banks was maximum of Rs 241 lakhs to minimum of Rs 2lakhs with in the period of 1997-2003. In percentage it is about 41.36% of the total sanction amount utilized in Agriculture sector. The advance given in private sector banks are NIL in study period.

In semi urban area the Agriculture advances of public sector banks was maximum of Rs 17.46 lakhs to minimum of Rs 2.79 lakhs with in the period of 1997-2003. In percentage it is about 1.58% of the total sanction amount utilized in Agriculture sector. The advance given in private sector banks are around maximum of 23 lakhs and Overall percentage is about 100% of total sanctioned amount utilized in agriculture sector in study period.

In rural area the Agriculture advances of public sector banks was maximum of Rs 338 lakhs to minimum of Rs 251 lakhs with in the period of 1997-2003. In percentage it is about 99.26% of the total sanction amount utilized in Agriculture sector. The advances given in private sector banks are NIL Agriculture sector in study period.

Agriculture advances in the study period states that the performance of public and private sector commercial banks i.e., BOB and BOR in urban, semi urban, rural regions of Ajmer district. From data given in table.4 it is found that the that public

sector banks are more encourage than private sector bank in urban, Semi Urban, Rural areas.

From table.5 the data was Small Scale Industries (SSI) of Ajmer district. In urban area the advances for Small Scale Industries (SSI) was NIL of both public and private sector banks in the study period.

In semi urban area the SSI of public sector banks was maximum of Rs 11.75 lakhs to minimum of Rs 4.68 lakhs with in the period of 1997-2003. In percentage it is about 45.63% of the total sanction amount utilized in SSI sector. The advance given in private sector banks are around maximum of 11 lakhs and Overall percentage is about 100% of total sanctioned amount utilized in SSI sector in the study period.

In rural area the SSI advances of public sector banks was maximum of Rs 16 lakhs to minimum of Rs 10 lakhs with in the period of 1997-2003. In percentage it is about 71.94% of the total sanction amount utilized in SSI sector. The advances given in private sector banks are NIL SSI sector in study period.

SSI advances in the study period states that the performance of public and private sector commercial banks i.e., BOB and BOR in urban, semi urban, rural regions of Ajmer district. Data from table.5 results that the public sector banks are more encourage than private sector bank in urban, Semi Urban, Rural areas.

AJMER DISTRICT

Table.4: Agriculture Advance by public and private sector commercial banks in Ajmer Districts

PUBLIC SECTOR BANK(BOB)								PRIVATE SECTOR BANK(BOR)							
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL	
1997-98	0	0	0	0	0	0	0	0	0	18	100	0	0	18	
1998-99	0	0	0	0	0	0	0	0	0	19	100	0	0	19	
1999-00	2	0.74	0	0	269	99.26	271	0	0	18	100	0	0	18	
2000-01	97	27.87	0	0	251	72.13	348	0	0	15	100	0	0	15	
2001-02	170	37.96	2.79	0.62	275	61.41	447.79	0	0	15	100	0	0	15	
2002-03	163	34.57	7.46	1.58	301	63.84	471.46	0	0	17	100	0	0	17	
2003-04	241	41.36	3.72	0.64	338	58.00	582.72	0	0	23	100	0	0	23	

U-Urban

SU-Semi-Urban

R-Rural

Amount in lakhs

Source: Field survey

Table.5: Small Scale Industries Advance by public and private sector commercial banks in Ajmer Districts

PUBLIC SECTOR BANK(BOB)								PRIVATE SECTOR BANK(BOR)							
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL	
1997-98	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1998-99	0	0	0	0	0	0	0	0	0	2	100	0	0	2	
1999-00	0	0	0	0	10	100	10	0	0	2	100	0	0	2	
2000-01	0	0	0	0	11	100	11	0	0	0	0	0	0	0	
2001-02	0	0	11.75	45.63	14	54.37	25.75	0	0	0	0	0	0	0	
2002-03	0	0	8.84	35.59	16	64.41	24.84	0	0	11	100	0	0	11	
2003-04	0	0	4.68	28.06	12	71.94	16.68	0	0	2	100	0	0	2	

U-Urban

SU-Semi-Urban

R-Rural

Amount in lakhs

Source: Field survey

Table.6: Others Advance by public and private sector commercial banks in Ajmer Districts

PUBLIC SECTOR BANK(BOB)								PRIVATE SECTOR BANK(BOR)							
YEAR	U	%	SU	%	R	%	TOTAL	U	%	SU	%	R	%	TOTAL	
1997-98	0	0	0	0	0	0	0	0	0	27	100	0	0	27	
1998-99	0	0	0	0	0	0	0	0	0	34	100	0	0	34	
1999-00	135	78.3	0	0	38	21.97	173	0	0	42	100	0	0	42	
2000-01	224	83.27	0	0	45	16.73	269	0	0	57	100	0	0	57	
2001-02	277	73.53	53.7	14.26	46	12.21	376.70	0	0	63	100	0	0	63	
2002-03	303	67.20	94.86	21.04	53	11.76	450.86	0	0	57	100	0	0	57	
2003-04	281	70.35	62.43	15.63	56	14.02	399.43	0	0	56	100	0	0	56	

U-Urban

SU-Semi-Urban

R-Rural

Amount in lakhs

Source: Field survey

From table.6 the data was for Other's Advances of Ajmer district. In urban area the advances for Other's

Advances of public sector banks was maximum of Rs 303 lakhs to minimum of Rs 135 lakhs with in the period of 1997-2003. In percentage it is about 83.27% of the total sanction amount utilized in Other's sector. The advance given in private sector banks was NIL in the study period.

In semi urban area the Other’s Advance of public sector banks was maximum of Rs 94.86 lakhs to minimum of Rs 53.7 lakhs with in the period of 1997-2003. In percentage it is about 21.04% of the total sanction amount utilized in other’s sector. The advance given in private sector banks are around maximum of 63 lakhs and Overall percentage is about 100% of total sanctioned amount utilized in other’s sector in the study period.

In rural area the other’s advances of public sector banks was maximum of Rs 56 lakhs to minimum of Rs 38 lakhs with in the period of 1997-2003. In percentage it is about 14.02% of the total sanction amount utilized in other’s sector. The advances given in private sector banks are NIL other’s sector in study period.

Other’s advances in the study period states that the performance of public and private sector commercial banks i.e., BOB and BOR in urban, semi urban, rural regions of Ajmer district. It has been observed that public sector banks are more encourage than private sector bank in urban, Semi Urban, Rural areas.

Table .7 depicts that the essential formalities for sanctioning loans in view of Bankers, the no respondents are 12 in both Udaipur and Ajmer district.

Firstly, in view of security 100 % is essential before granting loan. Secondly as far as identification is concern 5 bankers i.e., 41.66% of Udaipur district admitted that identification is necessary for granting loans and 6 bankers i.e., 50 % of Ajmer district admitted that identification is necessary for granting loans. Thirdly 7 bankers of Udaipur district on an average of 58.33% were convinced with guarantor category whereas 8 bankers of Ajmer district averaging 66.66%. Nevertheless about other formalities 2 respondents from Udaipur district averaging merely 16.66% as compared to 3 bankers holding 45% response rate from Ajmer district .So here Ajmer district stands on affirmative side.

Table.7 :Banker’s View: Essential formalities for Sanctioning Loans

Banker’s View	Udaipur District		Ajmer District	
	No’s	%	No’s	%
Security	12	100.00	12	100.00
Identification	05	41.66	06	50.00
Guarantor	07	58.33	08	66.66
Other’s	02	16.66	03	25.00

Note: Total No.of Respondents- 12 in each district
Source: Based on field survey

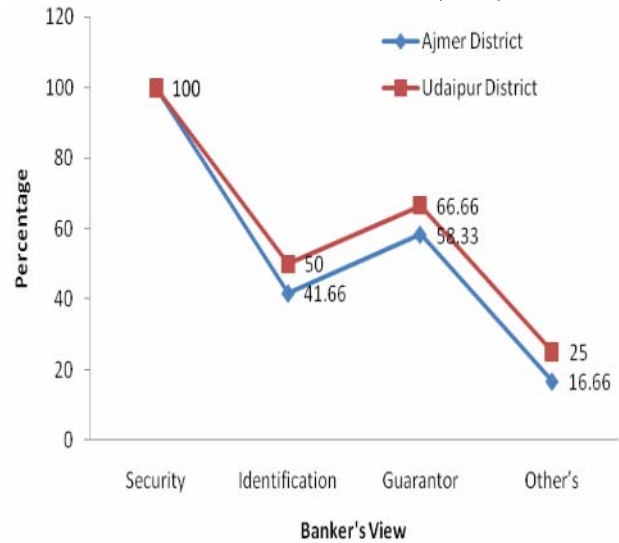


Figure.1: Banker’s View: Essential formalities for Sanctioning Loans

Table .8 shows the priority at the time sanctioning loans in view of Bankers, the no respondents are 12 in both Udaipur and Ajmer district.

On question about the repayment capacity of the loanee and 12 bankers of Udaipur district and 12 bankers of Ajmer district were interviewed and the response rate come out 100% in favour. Out of 8 bankers from Udaipur and 9 from Ajmer district regarding priority at the time of sanctioning loans the response rate came out with 66.66% from Udaipur district was for below as compared to Ajmer district holding 75% in favour. 5 Bankers from Udaipur district and 4 bankers from Ajmer district were enquire about government orders and the response rate come out with 41.66% from Udaipur and 33.33% from Ajmer. Nevertheless regarding any other reasons, 2bankers of Udaipur district and 1 manager from Ajmer district were interviewed and the bankers of Udaipur wer more affirmative having 16.66% response rate as compared to 8.33% of Ajmer

Table.8 : Banker’s View: Priority at the time of Sanctioning loans

Banker’s View	Udaipur District		Ajmer District	
	No’s	%	No’s	%
Repayment capacity of Loanee	12	100	12	100
Repayment of Loanee for money	08	66.66	09	75.00
Government orders	05	41.66	04	33.33
Other hidden reasons	02	16.66	01	8.33

Note: Total No.of Respondents- 12 in each district
Source: Based on field survey

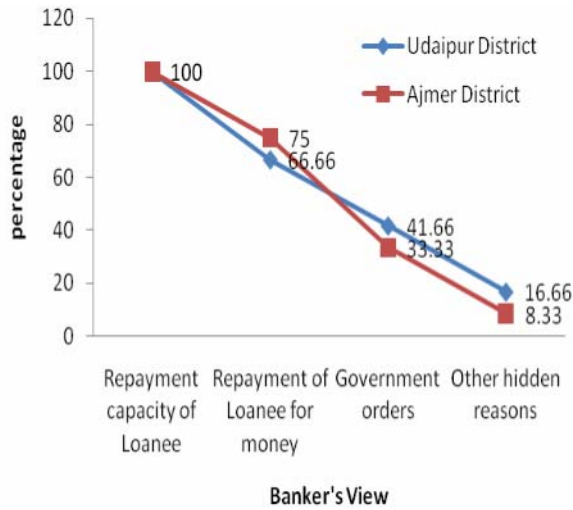


Figure.2: Banker's View: Priority at the time of Sanctioning loans

Table .9 shows the capability of bank in fulfilling requirements of loans in the area in view of Banker's, the numbers of respondents are 12 in both Udaipur and Ajmer district.

Data from table .9 reveals that 4 bankers of Udaipur district were interviewed on this subject and 6 bankers from Ajmer district and the opinion of 33.34% of Udaipur were far below than the 50 % response rate of Ajmer district on this aspect. Secondly 3 bankers of Udaipur district and 4 bankers of Ajmer district holds 25% and 33.34% response rate about banks having adequate resource or not for fulfilling requirement of loans in the study area. Lastly, out of 5 bankers of Udaipur district and 2 bankers of Ajmer district were interviewed in connection with banks being able to ful-fill targets or not, and the bankers of Udaipur district with an average of 41.66% were found more positive compared to 16.66% of Ajmer district.

Table.9: Banker's View: Bank is capable of Fulfilling Requirement of Loan in the area

Banker's View	Udaipur District		Ajmer District	
	No's	%	No's	%
Bank is fully capable	04	33.34	06	50.00
Banks have adequate resources	03	25.00	04	33.34
Banks are able to fulfill targets	05	41.66	02	16.66
Total	12	100.00	12	100.00

Source: Based on field survey

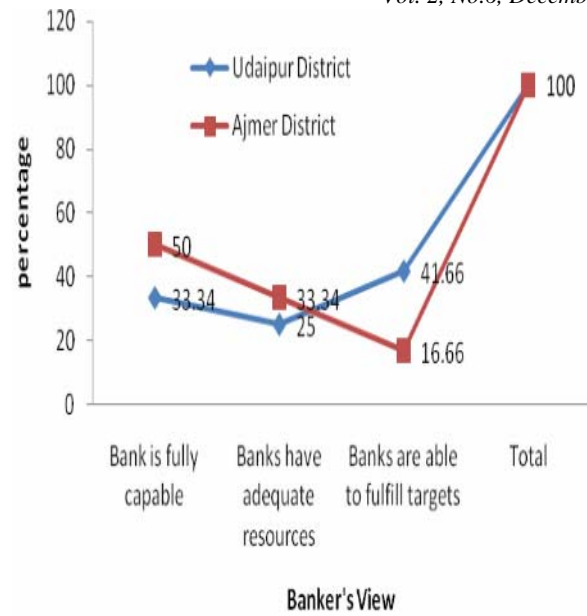


Figure.3: Manger's View: Bank is capable of Fulfilling Requirement of Loan in the area

Table.10 reveals that 6 bankers of Udaipur district questioned, i.e., 50% of then were of the view that low financial position of the loanee was the reason for difficulties in recovery of the loan whereas 7 bankers from Ajmer district averaging 58.33% were of the same view.

Again out of 8 bankers of Udaipur district on an average 66.66% were of the view that Drought conditions prompted such recovery difficulties whereas only 50% out of 6 bankers from Ajmer district. Four bankers from Udaipur district in an average of 33.33% stated that the difficulties arise due to slackness in market as compared to 41.66% out of 5 bankers of Ajmer district. Moreover regarding willful defaulters, 41.66% out of 5 bankers of Udaipur were in majority as compared to 25%out of 3 bankers from Ajmer district on this aspect of recovery difficulties.

Table.10: Difficulties faced in recovery of Loans

Banker's View	Udaipur District		Ajmer District	
	No's	%	No's	%
Low Financial position of loanee	06	50.00	07	58.33
Drought conditions	08	66.66	06	50.00
Slackness in Market	04	33.33	05	41.66
Wilful Defaulters	05	41.66	03	25.00

Note: Total No. of Respondents- 12 in each district
Source: Based on field survey

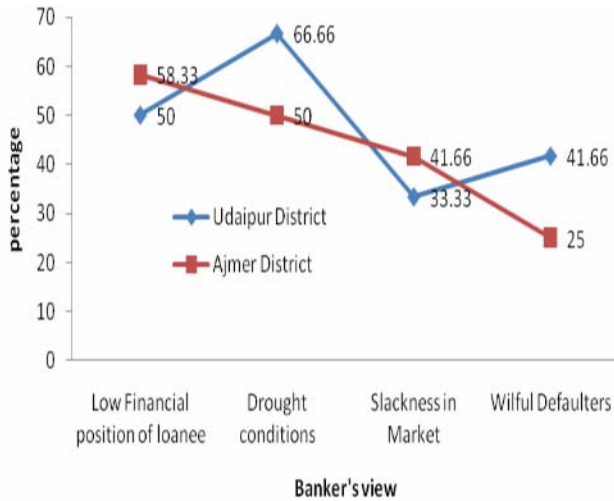


Figure.4: Banker's View- Difficulties faced in recovery of Loans

E. Conclusions

During the post reforms, priority sector advances like Agriculture, Small Scale Industries, Others, etc became more competitive than private sector banks in both districts Ajmer and Udaipur districts in State of Rajasthan, India. The above analysis shows that public sector banks concentrated more on agriculture sector, Small Scale industries and other sectors of the economy, in the years of the study, 1997-2003. Both public and private sector banks started concentrating on the service sector, recognizing the need of this sector for the economic development of the country economy. Both the public and private sector banks achieved the national target of priority sector but, no sector of bank reached their yearly

target. This might be because of risk-aversion approach followed by the banking industry. Nevertheless banking industry was given higher attention to priority sector of the economy during the study period.

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