THESIS ON

Priority Sector Lending Trends and Practices in Indian Commercial Banks Post Scenario 2000

submitted in fulfilment of the requirement of the degree of

DOCTOR OF PHILOSOPHY

to

YMCA UNIVERSITY OF SCIENCE AND TECHNOLOGY, FARIDABAD

by

Neha Goyal

Registration No: YMCAUST/Ph43/2011

Under the supervision of

Dr. Rachna Agrawal
Associate Professor

Dr. Renu Aggarwal
Assistant Professor

Department of Management Studies
Faculty of Management Studies
YMCA University of Science & Technology
Sector-6, Mathura Road, Faridabad, Haryana, India

MAY, 2017

DEDICATION

I dedicate this thesis to my father Mr. Jag Mohan Garg

DECLARATION

I hereby declare that this thesis entitled **Priority Sector Lending Trends and Practices in Indian Commercial Banks Post Scenario 2000** by **Neha Goyal**, being submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy in Management under Faculty of Management Studies of YMCA University of Science & Technology Faridabad, during the academic year 2017 is a bona fide record of my original work carried out under guidance and supervision of **Dr. Rachna Agrawal, Associate Professor** and **Dr. Renu Aggarwal, Assistant Professor**, Department of Management Studies and has not been presented elsewhere.

I further declare that the thesis does not contain any part of work which has been submitted for the award of any degree either in this university or in any other university.

Neha Goyal

Registration No: YMCAUST/Ph43/2011

CERTIFICATE

This is to certify that this thesis entitled **"Priority Sector Lending Trends and Practices in Indian Commercial Banks Post Scenario 2000"** by **Neha Goyal**, submitted in fulfillment of the requirement for the Degree of Doctor of Philosophy in **Management** of Department of Management Studies of YMCA University of Science & Technology Faridabad, during the academic year 2017, is a bonafide record of work carried out under our guidance and supervision.

We further declare that to the best of my knowledge, the thesis does not contain any part of any work which has been submitted for the award of any degree either in this university or in any other university.

Dr. Rachna Agrawal
Associate Professor
Supervisor
Department of Management Studies
Faculty of Management Studies
YMCA University of Science &
Technology Faridabad

Dr. Renu Aggarwal
Assistant Professor
Co Supervisor
Department of Management Studies
Faculty of Management Studies
YMCA University of Science &
Technology Faridabad

Dated:_____

ACKNOWLEDGEMENT

First and at most, I would like to thank almighty God who makes me capable of doing this research work. I would like to express my sincere gratitude to my Supervisor Dr. Rachna Agrawal who time to time provided me guidance, motivation and courage to do research. I would also like to thank my Joint Supervisor Dr. Renu Aggarwal for giving me the opportunity to work in this area. Her time to time valuable suggestions helped me a lot to complete the work.

It would never be possible for me to take this thesis to this level without my guides' innovative ideas and their relentless support and encouragement.

I am willing to express my thanks to Mr. T. Gopinath Director, Department of Economic & Policy Research, Reserve Bank of India and Mr. I. M. Sharma, Lead District Chief Manager, Syndicate Bank, Faridabad who helped me a lot to collect the secondary data on PSL. Without their help I cannot get authenticated data.

I express my gratitude to my parents, parents in laws, brothers, friends, colleagues and other relative for being a constant source of motivation.

It is my privilege to thank my better half Mr. Ashwani Goyal for his untiring support and motivating me during the difficult time.

Finally, I thank my lovely kids Avni & Natik for their love and providing supportive environment at home.

Neha Goyal

Registration No: YMCAUST/Ph43/2011

ABSTRACT

Priority Sector Lending (PSL) means providing credit to neglected sector of economy, which is essential for socio-economic balance of the country. Priority Sector Lending includes lending to Agriculture, Small Scale industries, Education, Housing, Export Credit, Weaker Section and Others. These sectors are less profitable for the financial institutions. So for assurance of lending to these sectors Reserve Bank of India has fixed mandatory targets for commercial banks. Banks have to lend 40 percent of their net credit equivalent amount of Balance Sheet Exposure or Adjusted Net Bank Credit (ANBC) to the priority sectors. This mandatory target is further divided in to sub targets like: 18 percent to Agriculture, 10 percent to Weaker PSL and remaining to the other categories. PSL come in to its present shape after various recommendations of different committee and study groups. The concept of priority sector lending had been started with the nationalization of banks in 1969. PSL was being formalized in 1972. There were no specified targets of PSL in 1972. That time Agriculture, Small Scale Industries and export credit were the part of PSL. With time various changes had been done in the categories, targets and sub targets of PSL by RBI. After so many changes PSL come in to its present classification, targets and sub targets. It is being observed that banks were able to achieve the total targets, but not able to achieve the PSL sub targets. So in the study it is being identified that in which sectors banks are able to fulfill the targets and in which sectors banks are not able to fulfill the targets.

There are mix views of various researchers about PSL. Some studies observe that due to PSL NPA of banks increased, so PSL has negative impact on profitability of banks. Some studies state that PSL has positive impact on economic development because it leads to increase in income, status and employment of the economy. Some studies state that PSL sector is not targeting the right beneficiaries. Researches also state that customers/beneficiaries of PSL are facing various problems. Studies state that Bank officials phase various difficulties while lending to priority sectors. So bank officials don't prefer to lend priority sectors. So the problems are there from both sides demand side (customers) and supply side (bank officials) in PSL.

So there is a strong requirement of detailed primary study to know the reasons of less preference of PSL among bank officials and the problems of customers while

lending/taking loans under PSL. For this purpose survey of 400 customers and 112 bankers has been done in the study of Delhi/NCR of Indian commercial banks. Survey includes the statements related to problems of bank officials and customers. The statements of questionnaires are framed on the basis of literature review, expert's advice and pilot survey. Observations of customers are being analyzed with the help of frequency distribution, descriptive analysis, Chi Square Test and One way Anova with the help of SPSS software. 400 customers include 180 customers of Agriculture, 115 of SSI and 105 of Other PSL. Observations of 112 bankers are analyzed with Exploratory Factor Analysis (EFA). As bank officials deal with all the three types of PSL (Agriculture, SSI and Other), so their views are collected and analyzed separately on all types of PSL.

Trend and Growth analysis of PSL and its types is also being done with the help of regression model and Semi Log Model respectively. It is being observed that PSL has a significant impact on NPA. Earlier studies have studied the impact of PSL on NPA, but impact of its types (Agriculture, SSI and Other) is not being studied separately. So in the current study impact of PSL of NPA, impact of Agriculture PSL on NPA, impact of SSI PSL on NPA and impact of Other PSL on NPA is being studied with the help of E Views software.

PSL has a strong role in development of mixed economy like India. But for development it is essential that problems should be removed at execution level of PSL. So to solve the identified problems, suggestions (on the basis of findings and on the basis of collected data of bank officials and customers) are being given in the study. If these suggestions are being implemented practically, this will improve the quality of PSL. So both customers and bank officials affected by PSL will be benefitted by the present study.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF GRAPHS AND FIGURE

LIST OF ABBREVIATIONS

Abbreviations	Full Form
Agri. PSA	Agriculture Priority Sector Advances
ANBC	Adjusted Net Bank Credit
ANOVA	Analysis of Variance
DLP	Directed Lending Program
EFA	Exploratory Factor Analysis
GCC	General Credit Cards
JLG	Joint Liability Groups
MSE	Micro and Small Enterprises
NCR	National Capital Region
NCT	National Capital Territory
Non PSL	Non Priority Sector Lending
NPA	Non Performing Assets
NRLM	National Rural Livelihood Mission
Other PSA	Other Priority Sector Advances
PSA	Priority Sector Advances
PSL	Priority Sector Lending
RBI	Reserve Bank of India
SC	Scheduled Castes
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHG	Self Help Groups
SPSS	Statistical Package for Social Science
SSI	Small Scale Industries
SSI PSA	Small Scale Industries Priority Sector Advances
ST	Scheduled Tribes
UN	United Nation
UP	Uttar Pradesh

CHAPTER - I
INTRODUCTION

Banking system is the backbone of every economy. Rangarajan, (2007) said that for a sound financial system, a sound banking system is required. Banking system plays the role of intermediately between the investors and savers [1]. Chakrabarty, (2009) said that as in a house plumbing ensure the regular flow of water in a house, same banking system ensure the flow of money in economy [2]. In India banking system follows the guidelines of Reserve Bank of India (RBI). India is a democratic country. The main objective of the government is to achieve socio economic equality, because socio economic equality is essential feature of a democratic country. But financial institutions always want to lend to profitable sector of economy which is contradictory to the objective of socio economic equality. So to ensure the flow of credit to every sector of economy government started the concept of Priority Sector Lending.

Priority Sector Lending means lending to those sectors of economy which are not getting adequate financial assistance. RBI has prescribed targets to all commercial banks for PSL that every bank has to lend 40 percent of their Adjusted Net Bank Credit (ANBC) to priority sectors. These targets are further divided in different categories. Priority sectors categories includes Agriculture, Small scale industries, lending to Weaker Section of the economy, Exports, Education, Housing, Renewable energy and lending to Social Infrastructure. There are further sub targets for Agriculture PSL like 18% of ANBC should be given to Agriculture sector. One fourth of PSL means 10% of PSL should be given to weaker section. The basic objective of Priority Sector lending is to:

- Provide financial assistance to neglected sector of economy.
- Providing institutional credit facilities at a reasonable rate of interest to large no of borrowers
- Provide loans to small farmers.
- Provide loans to small scale businessman, manufacturers, students (education) and various others sectors of economy (which are essential for economic development).

1.1.NEED OF THE STUDY:

The concept of PSL has been formalized in 1972. So almost four decades has passed to start this concept. In these four decades, due to various development schemes of governments, there is a tremendous change in Indian economy from then. Now in Indian Economy, middle income group persons have increased. Indian Economy has come out from under developed stage. Worldwide, Indian Economy is considered as developing economy. Every sector of economy is getting funds from financial institutions.

18 percent lending of banks is fixed for Agriculture. Still, according to reports of National Crime Records Bureau, 13,755 farmers committed suicides due to lack of funds in 2012 [3]. Lots of funds are being provided to Small Scale Industries but still there are sick units of industries in the economy. 10 percent lending of banks is fixed for weaker section, but in 2012 Indian government stated that 22 percent of its population is below poverty limit. Even, after fixing the lending targets by RBI to Indian commercial banks for agriculture, MSME and for weaker section of community, why these things are happening. So following research questions and thoughts aroused:

- Are the banks fulfilling the PSL targets? If no, why?
- If the banks are fulfilling the targets, then why the desired results are not achieved?
- Are the farmers, weaker section and small businessman aware about PSL schemes?
- Is loan taking procedure under PSL tough?
- Is there any impact of PSL on NPA?
- Is there any difference in NPA of PSL and NPA of Non PSL?
- What is current trend and growth of PSL?

So in the present thesis all these questions are tried to be answered by the researcher in the best capacity. Both, primary and secondary data are used in the study. Primary data is collected from bank officials and customers of PSL. Primary data is being analysed with the help of frequency distribution, descriptive analysis, Chi Square Test and One way Anova. Secondary data is analysed with the help of regression, Semi log model and Pooled Regression Model.

1.2. EMERGENCE OF PRIORITY SECTOR LENDING:

The need of directed lending realized in 1967 with the concept of nationalization of banks. Joshi (1972) said that at that time banks were lending to large and medium scale of industries while small scale industries, agriculture and exports were neglected by the banks [4]. Morarji Desai, (1967) said that "the banking system, as an important constituent of money market, has given a good account of itself. But, its orientation and outlook have to be changed, and it has to function as an effective vehicle for the implementation of the monetary and credit policy of the Reserve Bank, whose primary purpose is to realize, with support from other areas of fiscal, industrial and economic policy, the broad economic and social objective inherent in our ideal of democratic socialism [5]." So in 1972 on the basis Informal Study Group report concept of PSL was formalized. At that time SSI, Agriculture and exports were included in priority sectors. There were not specified targets to these sectors at that time. In 1974 Public sector banks were given a target that they have to lend one third of their credit to these sectors. In 1975 weaker section of community were also included in PSL categories. In 1978 private banks were also given a target to lend one third of their lending to priority sectors. In 1980 all domestic commercial banks were advised to increase the PSL proportion from 33 1/3 percent to 40 percent of their lending. Further banks were advised to lend 15 percent to agriculture till 1985, 16 percent to agriculture till 1987 and 18 percent to agriculture till 1989. Banks were also advised to lend one fourth of the PSL lending means 10 percent to weaker section of the economy. In 1993 agriculture target was divided in to two categories direct agriculture advances and indirect agriculture advances. Banks had to lend 13.5 percent to direct agriculture and 4.5 percent to indirect agriculture and allied activities from 18 percent of total agriculture target. In 1990 a major decision was taken by RBI to phase off the concessional rate of interest except Differential Rate of Interest advances. From then rate of interest was connected with the size of loan. In 1992 foreign banks were advised to lend 32 percent of their lending to PSL. In 1998 Narshimham committee suggested to reframe the categories and targets of PSL. Working Group under S.C. Murthy, (2005) reviewed that PSL is still necessary. M.V. Nair Committee, (2011) again revised the categories of PSL. Categories on the basis of M.V.Nair committee are being described in further section 1.3.

1.3. CATEGORIES OF PSL:

PSL categories keep on changing since its inception. In 2012, when this research study is being started PSL categories include:

- Agriculture
- Micro and Small Enterprises
- Education
- Housing
- Export Credit
- Others

1.3.1. Agriculture:

Loans to agriculture sector are divided in to two subcategories; direct agriculture loans and indirect agriculture loans. According to RBI circular RBI/2012-13/138, "Direct agriculture loans contains: finance to individual farmers [Contains: Joint Liability Groups (JLGs), Self Help Groups (SHGs), groups of farmers, banks should keep disaggregated records of these types of loans] involved in Agriculture & Allied Works, like: dairy, animal husbandry, fishery, bee-keeping, poultry and sericulture (till cocoon level). Indirect agriculture loans include: Loans to partnership business, corporates and institutions involved in Agriculture & Allied Activities."[6]

1.3.2. Micro and Small Enterprise:

PSL contains micro and small business of service and manufacturing sectors. Limits of investment vary in service and manufacturing business. For service sector micro business means investment not more than Rupees 10 lakh and small business means investment exceeds than 10 lakh but not more than Rupees 2 crores. For manufacturing sector micro business means investment not more than Rupees 25 lakh and small business means investment exceeds than Rupees 25 lakh but not more than Rupees 5 crores.

1.3.3. Education:

Loans to individuals are given for education including vocational courses in this category (limit for loans Rupees 10 lakh for studying in India & Rupees 20 lakh for studying abroad).

1.3.4. Housing:

(i) Loans to individual for buy/make of the dwelling unit.

(ii) Loans to individual for repairs of a damaged dwelling unit.

(iii) Loans to governmental agency for making of dwelling units and for slum avoidance/rehabilitation of slum residents.

(iv) Loans sanctioned to housing projects only for the construction of houses for financially weaker sections & low income groups.

1.3.5. Export Credit:

There is no different target for Indian commercial banks for export. Credit to micro, small enterprise and some section of agriculture will be included in export credit.

1.3.6. Others:

(i) Loans (not more than 50,000 per person) given by banks directly to individuals or to their JLG/SHG provided annual income not more than 60,000/ in rural area and for urban areas not more than 1,20,000/-.

(ii) Loans to payback their debt to money lenders or to non financial institutios to distressed persons (not farmers-already) not more than 50,000 per person.

(iii) Loans for general purposes in General Credit Cards (GCC). If these loans are provided to Micro and Small Enterprises under GCC, then these loans will be classified in the categories of MSE.

(iv) Overdrafts, till 50,000 (per borrower), provided annual income not more than 60,000/ in rural area and for urban areas not more than 1,20,000/-.

(v) Loans given to State Sponsored Organisations for buy and supply of inputs and for the marketing of the outputs to the beneficiaries of Scheduled Tribes /Scheduled Castes.

(vi) Loans given by banks to individuals for setting up off-grid renewable energy and for off-grid solar and other energy solutions for households.

1.4. TARGETS OF PSL:

Targets and sub targets of PSL according to Master Circular RBI/July/2012-13/108 are as under

“

Table 1.1 Targets and Sub Targets of PSL		
	Domestic Commercial Banks, Foreign banks having more than 20 branches	Foreign Banks having less than 20 branches
Total Priority Sector advances	40 per cent of credit equivalent amount of Balance Sheet Exposure or Adjusted Net Bank Credit (ANBC)	32 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.
Total Agriculture Advances	18 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher. (off these 13.5 is for direct agriculture and 4.5 is for indirect agriculture. Excess of indirect agriculture will not be considered in agriculture PSL)	No Target
Micro & Small Enterprise advances (MSE)	Advances to micro and small enterprises sector will be reckoned in computing performance under the overall priority sector target of 40 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.	10 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.
Micro enterprises within Micro and Small Enterprises sector	60 per cent of micro and small enterprises advances should go to the micro enterprises out of which 40 per cent to micro (manufacturing) enterprises having investment in plant and machinery up to Rs 5 lakh and micro (service) enterprises having	Same as for domestic Banks

	investment in equipment up to Rs. 2 lakh; (ii) 20 per cent of total advances to micro (manufacturing) enterprises with investment in plant and machinery above Rs 5 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 2 lakh and up to Rs. 10 lakh. (iii)The increase in share of micro enterprises in MSE lending to 60 per cent should be achieved in stages, viz. 50 per cent in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13.	
Export Credit	No Target	12 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.
Advances to Weaker Section	10 per cent of ANBC or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.	No Target

"

Source: Master Circular **RBI/July/2012-13/108 [7]**

An amendment is done in categories, targets and sub targets of PSL in April 2015. The major differences in the new and old guidelines are:

a. Medium enterprise, Social infrastructure and Renewable energy will also be a part of PSL.
b. In agriculture category the difference of direct and indirect is dispensed.
c. A sub target of 8% of ANBC is fixed for small and marginal farmers.
d. A sub target of 7.5% of ANBC is fixed for micro enterprises.

Source: Master Circular RBI April 2015/ Lily Vadera [8].

From the table 1.1 it is clear that targets for PSL for domestic commercial banks were 40 percent of total ANBC. Out of this 40 percent 18 percent is fixed for the category of Agriculture PSL. One fourth of PSL means 10 percent of ANBC is fixed for Weaker PSL. Weaker PSL can be to any category like Agriculture PSL, SSI PSL etc. There is no separate category for weaker PSL but separate target is there for PSL. While calculating Weaker PSL lending to weaker community to any category of PSL is being added. Banks have to maintain separate record for Weaker PSL.

1.5. GROWTH OF PSL IN INDIA SINCE 2001:

PSL Types: The study period of the research is from 2001 to 2016. In RBI reports PSL is calculated in 3 parts; Agriculture PSL, SSI PSL and Other PSL. The performance of the PSL of Indian commercial banks (public and private banks) in this period is studied in 4 types according to the RBI reporting

- Total Priority Sector Lending
- Agriculture Priority Sector Lending
- Small Scale Industries Priority Sector Lending
- Other Priority Sector Lending

Total Priority Sector lending means sum of Agriculture PSL, SSI PSL and Other PSL. Agriculture PSL means lending to agriculture sector both lending to direct agriculture and indirect agriculture/allied activities. Other PSL means remaining in Total PSL after Agriculture PSL and SSI PSL.

PSL Targets: There are targets for total PSL, Agriculture PSL and Weaker PSL only. Targets of PSL are studied in 3 types.

- Total Priority Sector Lending
- Agriculture Priority Sector Lending
- Weaker Priority Sector Lending

Total PSL target is 40 percent of ANBC, Agriculture PSL target is 18 percent of ANBC and Weaker PSL target is one fourth of PSL means10 percent of ANBC.

1.5.1. PSL of Public Banks:

Table 1.2 shows the PSL of public banks from 2000 to 2016. Amount is shown in rupees crores. PSA Amount shows total PSL lending of public banks. PSA percentage

of ANBC shows the PSL percentage in Total ANBC which is equal to (PSA amount/ Total ANBC)*100. Agri PSA Amount shows Agriculture PSL lending of public banks. Agri PSA percentage of ANBC shows the Agriculture PSL percentage in Total ANBC which is equal to (Agri PSA amount/ Total ANBC)*100. SSI PSA Amount shows SSI PSL lending of public banks. SSI PSA percentage of ANBC shows the SSI PSL percentage in Total ANBC which is equal to (SSI PSA amount/ Total ANBC)*100.Other PSA amount shows the lending to PSL after Agriculture PSL and SSI PSL. Other PSA is equal to Total PSL- Agriculture PSL- SSI PSL. It means Other PSA amount includes lending to education, housing, export credit and others. Other PSA percentage of ANBC shows the Other PSL percentage in Total ANBC which is equal to (Other PSA amount/ Total ANBC)*100.

PSL of public bank and its types was as under (Table 1.2):

Table 1.2. PSL of Public Banks

(Amount in Rupees Crores)

Year	PSA Amount	PSA % of ANBC	Agri PSA Amount	Agri % of ANBC	SSI Amount	SSI % of ANBC	Other PSA Amount	Other PSA % of ANBC
2001	149,116	43.7	53571	15.7	48400	14.2	47145	13.8
2002	171,484	43.5	58142	14.8	49743	12.6	63599	16.1
2003	199,786	41.2	70501	14.5	52988	10.9	76297	15.8
2004	244456	43.6	84435	15.1	58311	10.4	101710	18.1
2005	307046	42.8	109917	15.3	67800	9.5	129329	18
2006	409748	40.3	154900	15.2	82434	8.1	172414	17
2007	521376	39.7	202614	15.4	102550	7.8	216212	16.5
2008	610450	44.7	248685	17.4	151137	11.1	210628	16.2
2009	720083	42.5	298211	17.2	191408	11.3	230464	14
2010	863777	41.6	372463	17.9	276319	13.3	214995	10.4
2011	1022925	41	414991	16.5	376625	15.1	231309	9.4
2012	1130700	37.2	478600	15.8	396600	13	255500	8.4
2013	1282200	36.2	530600	15	478400	13.5	273200	7.7
2014	1619000	39.4	687400	16.7	587400	14.3	344200	8.4
2015	1751200	37.3	756200	16.1	650400	13.9	344600	7.3

2016	1985000	39.3	904772	17.9	734055	14.5	346173	6.9
Average	811,772	41	339,125	16	269036	12.1	203611	12.7

Source: Calculated and Compiled by the researcher from Report on Trend and Progress of Banking in Indian (from 2000 to 2016)

1.5.2. PSL of Private Banks:

PSL of private bank and its types was as under (Table 1.3) in study period.

Table 1.3 PSL of Private Banks

(Amount in Rupees Crores)

Year	PSA Amount	PSA % of ANBC	Agri PSA Amount	Agri % of ANBC	SSI Amount	SSI % of ANBC	Other PSA Amount	Other PSA % of ANBC
2001	21,567	36.7	5634	9.6	8158	13.9	7775	13.2
2002	24,184	38.4	6381	8.5	8613	13.7	9190	16.2
2003	36,648	44.1	9924	10.9	6857	8.3	19867	24.9
2004	48,920	47.6	14730	14.2	7590	7.4	26600	26
2005	69,886	43.6	21633	12.3	8592	5.4	39661	25.9
2006	106,586	42.8	36185	13.5	10447	4.2	59954	25.1
2007	144,549	42.9	52034	12.7	13136	3.9	79379	26.3
2008	164,068	47.8	57702	15.4	46912	13.7	59454	18.7
2009	190,207	46.8	76062	15.9	46656	11.5	67489	19.4
2010	246,690	45.8	90737	19.4	64825	12	91128	14.4
2011	249,139	46.7	92136	15.7	87857	16.5	69146	14.5
2012	286,400	39.4	104200	14.3	110500	15.2	71700	9.9
2013	327400	37.5	111900	12.8	141700	16.2	73800	8.5
2014	464500	43.9	147800	14.0	186800	17.7	129900	12.3
2015	530,300	42.8	181800	14.7	216600	17.5	131900	10.6
2016	648000	44.1	268857	18.3	292342	19.9	86801	5.9
Average	222,440	43	79,857	14	78599	12.3	63984	17.0

Source: Calculated and Compiled by the researcher from Report on Trend and Progress of Banking in Indian (from 2000 to 2016)

1.5.3. Weaker PSL of Public and Private Banks:

Weaker PSL is PSL to Weaker Section. There is no separate category of weaker PSL. But there is separate target for Weaker PSL. Weaker Section includes Small farmers; Artisans and cottage industries not more than 50,000; persons covered under Swarnjayanti Gram Swarozgar Yojana (SGSY) or National Rural Livelihood Mission (NRLM); SC and ST; Persons covered under DRI scheme; customers covered under Swarna Jayanti Shahari Rozgar Yojana (SJSRY); customers covered under the Scheme for Rehabilitation of Manual Scavengers (SRMS); credit to SHG; credit to distressed farmers exploited by non-institutional lenders; credits to distressed persons other than farmers not more than 50,000 per beneficiary to repay their debt to local non-institutional lenders; credit to women beneficiaries not more than 50,000 per beneficiary; credits sanctioned to persons from minority communities declared by Government of India. So it can be stated that Weaker PSL loans can be provided to any category of PSL mention above.

Weaker PSL of public and private banks were as under (table 1.4.):

Table 1.4 Weaker PSA of Indian Commercial Banks

(Amount in Rupees Crores)

Year	Public Sector Banks		Private Sector Banks	
	Weaker PSA Amount	Weaker PSA % of ANBC or Credit	Weaker PSA Amount	Weaker PSA % of ANBC or Credit
2001	24805	7.3	736	3.2
2002	28975	7.4	665	3.01
2003	32304	6.86	968	1.8
2004	41589	7.09	883	3.44
2005	63492	7.64	1614	2.19
2006	78374	7.49	3501	2.85
2007	94285	7.01	5052	3.06
2008	126928	9.27	7115	4.04
2009	166843	9.55	14191	5.91
2010	212214	9.95	24938	8.24
2011	246316	9.93	28709	9.46

2012	288800	9.5	38900	5.4
2013	347300	9.8	50500	5.7
2014	434000	10.6	60200	5.7
2015	488800	10.4	73700	5.9
2016	547788	10.8	136123	9.3
Average	201425.81	8.79	27987.188	4.95

Source: Calculated and Compiled by the researcher from Report on Trend and Progress of Banking in Indian (from 2000 to 2016)

This is clear from table 1.2, 1.3 and 1.4 that public and private banks on an average are fulfilling the mandatory targets of 40 percent of Total PSL, but not able to fulfil sub target of Agriculture PSL (18 percent of ANBC) and Weaker PSL(10 percent of ANBC). It is also clear from table 1.2, 1.3 and 1.4 that from 2000 to 2016 banks are near to mandatory sub targets. So in the study year wise trend and growth of types and sub target of PSL will be studied.

1.6. PRIORITY SECTOR LENING AND NON PERFORMING ASSETS:

Narshimham committee, (1991) said that PSL is main cause of NPA so it should be phased off. Many other studies also presented that PSL has significant impact on NPA. Total NPA in table 1.5 means the NPA of both priority sector and non priority sector. NPA of Non PSL means NPA of lending of non priority sectors. Percentage of Non PSL of Total NPA is equal to (NPA of Non PSL/Total NPA)*100. NPA of PSL means NPA of lending of priority sectors. Percentage of PSL of Total NPA is equal to (NPA of PSL/Total NPA)*100. PSL and NPA of public banks are shown below in table 1.5.

Table 1.5 NPA of PSL and Non PSL of Public Banks

Year	Total NPA	NPA of NON PSL	% age of Non PSL NPA of Total NPA	NPA of PSL	% age of PSL NPA of Total NPA

2001	53184	29018	55%	24166	45%
2002	56514	31367	56%	25147	44%
2003	52790	27869	53%	24921	47%
2004	50141	26308	52%	23833	48%
2005	47693	24299	51%	23394	49%
2006	41380	19004	46%	22376	54%
2007	38590	15648	41%	22942	59%
2008	39750	14462	36%	25288	64%
2009	43908	19725	45%	24183	55%
2010	57448	26453	46%	30995	54%
2011	71015	29802	42%	41213	58%
2012	112500	56300	50%	56200	50%
2013	155900	89000	57%	66900	43%
2014	216700	137500	63%	79200	37%
2015	262700	169100	64%	93700	36%
2016	502100	374900	75%	127100	25%
Average			52%		48%

Source: Calculated and Compiled by the researcher from Report on Trend and Progress of Banking in Indian (from 2000 to 2016)

PSL and NPA of public banks are shown below in table 1.6.

Table 1.6 NPA of PSL and Non PSL of Private Banks

Year	Total NPA	NPA of NON PSL	% age of Non PSL NPA of Total NPA	NPA of PSL	% age of PSL NPA of Total NPA
2001	6410	4575	71%	1835	29%
2002	11667	9121	78%	2546	22%
2003	11866	9422	79%	2444	21%
2004	10352	7871	76%	2481	24%
2005	8800	6611	75%	2189	25%
2006	7829	5545	71%	2284	29%
2007	9239	6356	69%	2883	31%

2008	12976	9558	74%	3418	26%
2009	16887	13247	78%	3640	22%
2010	17384	12592	72%	4792	28%
2011	17971	13300	74%	4824	27%
2012	18300	13200	72%	5100	28%
2013	20000	14800	74%	5200	26%
2014	22700	16700	74%	6100	27%
2015	31600	24400	77%	7200	23%
2016	48400	38200	79%	10100	21%
Average			75%		25%

Source: Calculated and Compiled by the researcher from Report on Trend and Progress of Banking in Indian (from 2000 to 2016)

It is clear from table 1.5 and 1.6 that in case of public banks NPAs of PSL are more but in case of private banks NPAs are less.

So in the research study the impact of PSL on NPA for both public and private banks is being studied. Impact of PSL and its different types (Agriculture PSL, SSI PSL and Other PSL) is also being studied on NPA for both public and private banks.

1.7. INDIAN COMMERCIAL BANKS:

Indian commercial Banks are being studied in the study. Secondary data of all 49 commercial banks is collected and analysed from 2001 to 2016. For collection of Primary data top 11 banks were selected on the basis of trend analysis. Secondary data is collect of all Indian commercial banks. Indian Commercial banks includes both Public Banks and Private Banks. Public Banks are further classified in two parts: Nationalised Banks and SBI & Associates.

Indian Commercial Banks are:

Public Sector Banks

Nationalised Banks

1. Allahabad Bank
2. Andhra Bank
3. Bank of Baroda
4. Bank of India
5. Bank of Maharashtra
6. Canara Bank
7. Central Bank of India
8. Corporation Bank
9. Dena Bank
10. Indian Bank
11. Indian Overseas Bank
12. Oriental Bank of Commerce
13. Punjab National Bank
14. Punjab & Sind Bank
15. Syndicate Bank
16. Union Bank of India
17. United Bank of India
18. UCO Bank
19. Vijaya Bank
20. IDBI Bank Ltd.

SBI and its Associates

21. State Bank of India
22. State Bank of Bikaner & Jaipur
23. State Bank of Hyderabad
24. State Bank of Indore
25. State Bank of Mysore
26. State Bank of Patiala
27 State Bank of Saurashtra
28 State Bank of Travancore

Private Sector Banks

1. Axis Bank Ltd.
2. Catholic Syrian Bank Ltd.

3. City Union Bank Ltd.
4. Development Credit Bank Ltd.
5. Dhanalakshmi Bank Ltd.
6. Federal Bank Ltd.
7. HDFC Bank Ltd.
8. ICICI Bank Ltd.
9. IndusInd Bank Ltd.
10. ING Vysya Bank Ltd.
11. Jammu & Kashmir Bank Ltd.
12. Karnataka Bank Ltd.
13. Karur Vysya Bank Ltd.
14. Kotak Mahindra Bank Ltd.
15. Lakshmi Vilas Bank Ltd.
16. Nainital Bank Ltd.
17. Ratnakar Bank Ltd.
18. SBI Commercial & International Bank Ltd.
19. South Indian Bank Ltd.
20. Tamilnad Mercantile Bank Ltd.
21. Yes Bank

1.8. RELEVANCE OF THE STUDY:

This study is having importance for economy, for bankers and for customers of PSL. Research is an platform which gives voice to the views of effected persons. PSL effects the economy of India, Bankers and customers. So importance is classified in three parts:

This study is **relevant for economy** because PSL involves a huge lending of economy. The basis purpose of PSL is to achieve socio economic equality in Indian economy. It is found in the study that due to PSL income, status and employment increase of beneficiaries, but as well as it is having adverse impact on productive resources of economy. PSL decrease profitability of banks. This adverse impact can be ignored if PSL is able to achieve socio economic equality. But it is found in the

study that in PSL wrong categorison of loans is there. Wrong categorison means Non PSL loans are also classified as PSL. So the basis purpose of providing finance to neglected sector of economy defeats. So, if by this research, if RBI take certain tedious steps to monitor the utilization of funds then PSL would be beneficial for the economy.

This research is also **relevant for bank officials** because in this research, primary study is done on the problems of bank officials. There problems are categorised with the help of EFA. There are very few studies based on the problems of bank officials in PSL. This study present the suggestions given by the bankers themselves to solve their problems, as well as suggestions on the basis of analysis. The researcher will send the copy of this research work and suggestions to RBI. If RBI implement these suggestions then might be few problem of bank officials would be solved.

The study is **relevant for customers** of PSL. RBI has given a benefit to the customers of PSL by fixing targets. But it is found in the study that customers are facing various problems in PSL like less awareness, bribe, procedural problems, diversion of loans and uncooperative behaviour of bank officials etc. So this study has done a primary study on the problems of customers. Suggestions to solve these problems are also given. So this study is important for customers of PSL.

CHAPTER - II
LITERATURE REVIEW

This chapter review the literature related to emergence of PSL, international experience of PSL and practices of PSL in India. Inception of Priority Sector Lending had been started from 1969 with the nationalization of banks. Government had taken various steps from then till now to direct lending to PSL. Since then various changes had been done in the categories, targets and sub targets of PSL. PSL has started with no specified targets. Now RBI has given mandatory targets to banks that they have to give 40 percent to PSL. Many sectors had been included in PSL categories by RBI since inception of PSL. PSL has started with three categories Agriculture, SSI and exports but now many more sectors like education, housing, renewable energy, social infrastructure are included in PSL. Various countries have different experience regarding PSL practices. Many countries have slowly phased out the concept of PSL. In India Priority Sector Landings is characterized with various problems. The present chapter review the different studies related to all aspects of PSL and gave insights to the researcher for identifying research gaps to frame objectives of the study. Variables are being identified for primary data on the basis of review, expert's advice and pilot survey to resolve objectives.

2.1. HISTORY AND ORIGIN OF PRIORITY SECTOR LENDING:

At the time of independence, Indian economy was having various problems like poverty, regional imbalance and unemployment. So the prime challenge in front of government was to solve these problems by channelization of funds to all sector of economy. 'To solve these problems government started five year plans. First five year plan was launched in 1951. The main focus was Agriculture. The second five year plan was launched in 1956. Its main focus was to develop heavy industries. Third five year plan was launched in 1961. The main focus was to achieve economic independence [100,101,102].' Soon the urgent need realized to develop micro level economy. At that time agriculture and SSI were in very bad conditions. There was negligible organized source of finance. There were only unorganized sources of finance like money lenders, lalas, merchants and private players. They charged very

high interest rate. The origin of priority sector lending was started with the credit policy 1967-68 with the concept of nationalization of banks. This concept of PSL was formalized by RBI in 1972 on the basis of report of 'Informal Study Group on Statistics Relating to Advances to the Priority Sectors'. In November 1974, public sector banks were advised that their priority sector lending should reach a level of not less than one-third of the outstanding credit by March 1979. In November 1978, the private sector banks were also advised to lend a minimum of 33 1/3 per cent of their total advances to the priority sectors by the end of March 1980. Working Group under Dr K.S. Krishnaswamy, 1980 reported that all domestic scheduled commercial banks should advised to raise the proportion of the priority sector advances from 33 1/3 per cent to 40 per cent of aggregate advances by March 1985 [9]. Working Group under the chairmanship of Shri A. Ghosh, (1982) suggested lending to agriculture sector in PSL categories [10]. The committee suggested a target of 16 percent to Agriculture sector. On the basis of recommendation of committee, banks were advised to achieve a target of 15 percent to Agriculture by 1985, 16 percent to Agriculture by 1987, 17 percent to Agriculture by 1989 and 18 percent by 1990. Narashimam Committee, (1991) suggest to decrease the target of PSL up to 10% of ANBC. But the recommendation of committee was not being accepted [11]. R.V.Gupta Committee, (1996) suggested to make Special Agricultural Credit Plans to achieve a target of 18 percent lending to Agriculture Sector [12]. Narashimam Committee, (1998) again give the report on PSL in 1998 [13]. This time committee suggested not decreasing the target lending to PSL. The committee said due to PSL, NPA of banks are increasing. So there is a need to change and reframe the categories and targets of PSL. On the basis of recommendation of Vyas Committee, (2001) RBI introduced a system of submitting money to RIDF with lesser interest rate for shortfall in achievement of Agriculture targets by banks [14]. Vyas Committee, (2004) suggested to divide the Agriculture target in to two categories; direct and indirect agriculture [15]. Ganguly Committee, (2004) recommended to decrease the interest rate on deposits of foreign banks with SIDBI for their shortfall targets in priority sector lending [16]. Working Group under S.C. Murthy (2005) reviewed the past targets of PSL, international experience of PSL and present economy of PSL and said that PSL is still necessary [17]. Committee suggested certain changes in PSL categories and subcategories. The recommendation of committee was accepted in 2007. M.V. Nair Committee, (2011) again revised the categories of PSL [18]. Lily Vadera, Committee (2015) again

changed the categories of agriculture PSL [8]. On the basis of recommendation of committee direct and indirect agriculture targets had been removed. PSL targets and categories come in to present shape with the recommendation of above mentioned committees.

Important milestones in PSL are being described in table 2.1.

Table 2.1 Important Milestones in PSL

Year	Important milestones in PSL
1967-68	Government was thinking to nationalize the banks. The need to channelize the flow of credit to certain sectors of the economy was realized.
1969	Nationalization of banks
1972	Concept of PSL was formalized.
1980	40% targets had been fixed for PSL
1991	Narashimam Committee recommended to decrease the target of PSL to 10%, Recommendation was not accepted
1993-1995	In 1993 first time penalty was imposed on foreign banks for non fulfillment of target and in 1995 penalty was also imposed on public sector banks and private banks. Foreign banks were given a target of 32 percent of ANBC to PSL.
1998	Narashimam Committee again gave report and redefined the Priority Sector Categories.
2012	For all banks whose branches are more than 20, there PSL target is decided as 40 percent of ANBC.
2015	Medium enterprise, Social infrastructure and Renewable energy also declared as a part of PSL. In agriculture category the difference of direct and indirect is dispensed but sub target of 8% of ANBC is fixed for small and marginal farmers

2.2. PSL INTERNATIONAL EXPERIENCE:

Concept of PSL is also there in other countries. In other countries PSL is known as Directed Lending Program (DLP).

Working group of RBI under supervision of S.C.Murthy, (2005) presented the international perceptive of PSL [17]. "According to this paper in 1970-80, DLP was main tool adopted by developed and developing countries for development. Four countries (Japan, China, Korea and India) Directed Lending Program practices were compared in this paper. Japan provided 20 percent of total resources, Korea provided 50 percent of total resources and China provided one third of total bank credit to priority sectors. In India scope of priority sector widened with time. Government financial institutions implemented the DLPs in Japan. Special banks and commercial bank implemented the DLPs in China and Korea. Commercial bank implemented the DLPs in India. Monitoring of funds was very strict in Japan and Korea. Disbursement of funds was on the basis of proper documentation. In China the funds disbursement policy was less strict which result wrong categorization of DLPs. Losses was very low in Japan comparatively high in Korea, Very high in China and India. Industrialization was main focus for DLPs in Japan, Korea and China. But in India Agriculture, Small Scale Industries and exports were main focus. Other countries like Brazil, Indonesia, Nepal, Pakistan and Philippines DLP's practices were also shown in the study. But the experience of most countries was not good about DLP. In most countries funds are misused and wrongly categories in priority sectors. DLP caused increased in cost of funds to other sectors. DLP increased the burden of government by two ways one by subsidized interest rate other by unpaid loans. Moreover once the concept introduced, DLP proved tough to be stopped."

Schwarz. M. A.(1992) conducted a study in United States and stated that DLP increase lending to priority sectors, but cannot increase the investment in these sectors [19].

Report of Internal Working Group of RBI under the supervision of Lily Vadera, (2015) presented the international perspective of DLP [8]. According to this report "Vittas, D. and Y. J. Cho (1995), World Bank (1989) and Samson, M. and A. Bayat (1999) showed in their studies that DLP was successful in Japan, Korea and Taiwan in 1950s and 1980s [20, 21]. Economic growth rate increased in Turkey in 1970s and

early 1980s due to DLP. In Thailand, DLP had a positive impact on income and private consumption. The DLP also characterized by various problems like wrong categorization, increased NPA and payment arrears. World Bank (1989) presented in World Development Report 1989 that distribution of credit at lower interest rate to small farmers under DLP, caused high cost to big farmers. Report also stated that beneficiaries of DLP used the funds deliberately for less productive purpose and did wilful default. In the world development report it was shown that many countries discontinue the practice of DLP due to these losses. Many more government wanted to discontinue but not able to stop because of pressure of beneficiaries of priority sectors [39]. UN (2006) and Usha (2015) showed that in many countries, Micro inclusion become the focus of DLP from 2000 [22]. Stiglitz and Joseph, (2013) said that regulatory intervention is necessary to protect the rights of small customers [23]."
Nathan (2013) also presented the effect of DLP on various countries (Japan, Korea, China, Brazil and Thailand). Target sector of priority was different in these countries. Japan focused on large, small scale industries, exports and agriculture, Korea focused on export, heavy and chemical industries, China focused on large scale state owned enterprises, Brazil focused on agriculture and housing finance and Thailand focused on exports, SSI and agriculture as priority sectors. According to this report DLP is successful in Japan and Korea, but not successful in remaining countries. In remaining countries it caused high NPAs. DLP increased cost for other sectors due to high NPA burden and arrears.

2.3. REVIEW OF STUDIES RELATED TO PSL IN INDIA:

Bhatt V.V., (1970) suggested that bank should increase their role in providing finance to farmers and small scale industries. There should be separate lead banks that provide guidance for getting loans, buying seeds and for using modern equipments [24].
P. C. D. Nambiar, (1977) said that the role of commercial banks is not only to provide finance but commercial banks should help the entrepreneurs to select the right project. Bankers should check the feasibility of projects. The research also emphasised that bank and government agencies should work together for the improvement of priority sectors [25].
G. Patel, (1979) explained the role of bank in achieving socio-economic equality.

The study revealed this fact that a major portion of population lives in poverty. The banks role is very important in developing these persons by providing them finance. Study revealed that only banks can help to achieve the target of socio-economic equality by providing adequate funds to priority sectors [26].

Singh and Balraj, (1979) found in his research study in Hissar that many villagers were suffering from the explotation of non institutional lenders (like local money lender and sethji). Their situation improved due to PSL. The study also pointed out some problems in procedure of getting loans from banks like tough, time taking and cumbersome [27].

V. B. Angadi, (1983) found that Agriculture PSL was more in few states while less in some states. The reason behind that was availability of agriculture land, more number of banks branches irrigation facilities and fertility of land in these states. Banks were focusing to the profitable states [28].

B. K. Sarkar, (1983) said that PSL could be beneficial only if it is on the basis of proper evaluation of the need of borrowers. The author emphasised that problems of target beneficiaries should be carefully studied. Every segment has different need and different problem. Funds should be provided according to the needs [29].

K. V. Patel and N. B. Shete, (1984) found in their study that banks were able to fulfil the PSL targets in the study period 1969 to 1980. PSL advances had increased fourteen times. But weaker section of society was not able to get full benefit of the PSL. There were various problems in weaker PSL. The author suggested that government agencies and banks should work together to solve the problems of weaker section [30].

B. S. Viswanathan, (1985) said that NPA increase in PSL because of wilful default, which was because of not proper recovery mechanism. Bankers did not properly follow up the defaulters. Recovery resources were misused [31].

D. P. Khankhoje and V. T. Godse (1985) stated that procedure of taking loans is tough and time taking. Research suggested to simply the documentation procedure. But simplification of documentation did not mean to give loan without proper evaluation and follow up. The author suggested there should be regular supervision of the project financed [32].

B. Ramachandra Rao, (1987) emphasised that PSL sector should be reframed. PSL loans should not be provided to the wrong persons. The real income of loan taking

persons should be accessed. The author suggested that there should be tight monitoring system for the usage of funds [33].

E. Muniraj, (1988) found that customers were doing diversion of loans. The reason behind that lack of pre sanction visits, improper evaluation of projects, lack of post sanction visits, lack of supervision. Due to this NPA increased. The study also suggested cooperative and helping behaviour of bankers will help to increase the recovery in PSL loans [34].

V. K. Bhaskara Rao (1989) stated that state and central government should not waive off the loans. It lead to wilful default. Political interference should not be there in PSL [35].

S. S. Kalra,(1990) strongly focussed on regular follow up and tight monitoring system for improving recovery position in PSL [36].

Ketkar Kusum, 1993 found in her study that priority sector credit had a significant negative effect on the efficiency and productivity of banks. The objective of the study was to know the effect of nationalization (1969) on bank's efficiency. In the study one of the factors of measuring efficiency was PSL and it showed negative impact on efficiency [37].

S. Rajagopal, (1994) stated that there should be tight monitoring system should be there for checking that loans are provided to the poor persons only. The author also suggested that credit facility at concessional rate should be move from those who can afford it to those who really need it [38].

A. Bhattacharya, 1995 had done a study to study the impact of liberalization on the efficiency of banks. The study told that the objective behind liberalization was to increase priority sector lending to increase the economic and social benefits. Study also reflected the fact that PSL of public sector banks was quite high and it had no negative effect on the performance of public banks. PSL of private and foreign banks was less so it had negative effect on the performance of these banks in the study period [40].

S. G. Patel, (1996) compared the loan adequacy for term loan and crop loans. He found that loans were adequate for crop loans but not for term loans. The study also revealed that large farmers were more benefitted than the small farmers. The study found that small farmers are having problem in getting loans. Loan procedure is tough and time consuming. Share of small loans for trade and retail purposes was increased

in the study period. Study also found that there was increase in NPA due to lack of follow up. Follow up means like transport were used for other purposes than recovery. Banks were not able to achieve weaker section targets [41].

Shajahan K, 1998 revealed in his study that till 1954 only 7.3% of agriculture loans were through institutional advance while agriculture share in income was 50%. In 1969 with the nationalization of banks, major changes had been done in the economic system like targets were being fixed for the specific sectors of economy. The study presented the various change in PSL policies like In March, 1979 33.3% target has been fixed for PSL, In 1983 agriculture target was being fixed 18% of PSL, In 1995 RIDF had been established. Banks were advised to submit the shortfall PSL target in it and In 1998. The study stated that due to liberalization priority sector lending were affected adversely [42].

Kanagasabai, (1999) showed that in last four decades under study area PSL has showed a good growth. PSL loans to agriculture were shrinking but showed an increasing trend in small scale industries in study period and area. The study area was Union Territory. The study showed that there are various problems in functioning of providing loans to PSL beneficiaries [43].

Shajahan K, 1999 found in his study that RIDF was not properly used. It was just a tool to help banks to fulfill PSL targets. The study also concluded that PSL NPA was not having significant role in increasing NPA [44].

D. Narayana, (2000) analysed in his research article that inequality was there in different states in PSL. This would cause regional imbalance, which was adverse to objective of achieving socio economic equality of PSL. He found that banks were shifting from poor agriculture states to Delhi, Tamilnadu and Maharashtra. He found that private banks were interested were having their branches only in profitable area [45].

S. Uma, (2001) had conducted a Ph D study in Banglore district with a special reference of SSI priority lending. Researcher studied the impact of PSL on productivity, employment, capital, profitability and intensity of small scale industries. The sample was divided in to two parts: beneficiaries and non beneficiaries. Researcher found an appropriate increase in income and profitability of beneficiaries units of small scale units than non beneficiaries units. Researcher used both secondary and primary data. Secondary data was collected through the RBI reports and reports

of various banks such as: Canara Bank, State Bank of Mysore, State Bank of India, Syndicate Bank. Primary data was collected through a sample of 100 units of SSI. This included both beneficiaries units and non beneficiaries units of SSI [46].

P. Vimala, (2002) found in her PhD study that the in the study period Kerla has achieved the same growth rate in PSL advances as in national level. There were no significant difference in Agriculture targets and achievement in the study period in the state, but SSI target and achievement have a significant difference in the study period. Banks were not able to fulfil DRI advances targets [47].

P. K. Reddy, (2002) has done the comparative analysis of Indian banks and -foreign banks in his study, Author found that main reason of NPA of Indian commercial banks was legal impositions, like fixation of priority sector target [48].

M. Sathye, (2002) had done a study to know the efficiency of banks in a developing country like India and to compare the Indian banks efficiency with foreign banks. The author used DEA (Data Envelopment Analysis) Approach. The main findings are that banks efficiency in India is lower than in France and UK; and the mean efficiency score of Indian bank is lower than international bank efficiency score. The main reason of this lower efficiency is Priority sector lending [49].

Dasgupta Rajaram, 2002 had done a comparative study before reform period (1991) and post reform period. The author found that earlier to 1991 agriculture loans were used for small and marginal farmers, till 2002 it was being shifted to big and medium farmers. Earlier to 1991 there was no concept of indirect agriculture advances. After 1991 SSI limits had been increased, but it could be understood due to inflationary pressure. Before 1991 PSL was targeted to neglected sector of economy, but in 2002 agriculture sector definition is changed [50].

Deepali Pant Joshi, (2003) said that agriculture should be given due emphasis and agriculture PSL is necessary to develop the economy. The study suggested that there is a requirement of change in the instructional lending policies of lending to agriculture [51].

Tapas Kumar Chakrabarty, (2003) found that availability of credit is less to rural sector. Rural Sector has developed a lot from 1971 to 2000. But as compare to urban sector this development was less. Rural sector will be improved if it will proper finance [52].

Dadhich (2004), stated that the public banks and performance is different regarding PSL from 1991 to 2003. He also found that RIDf funds were not being properly used. The study advised to do the changes in present area of PSL [53].

Gagan Bihari Sahu, (2004) found in her study that ratio of Agriculture credit from total bank credit is declining from 1991. He found that banks were not able to achieve agriculture PSL targets in the study period. He also found that before 1991 agriculture growth was higher than after that. The study also revealed that large farmers are getting loans easier than small farmers. He also found that bank officials don't prefer to give loans to agriculture sector. They were knowingly giving agriculture loans for non-agriculture activities. Farmers were illiterate, land of quality was not good and farmers belong to lower caste which further added to non preference to landing to agriculture. Farmers are facing various problems like delay and inadequate loan amount. The ratio of small holding land farmers loans was very less as compare to big holding land farmers under the study area [54].

Attaullah Ali, Cockerill Tony and Le Hang, (2004) compared the efficiency of Indian and Pakistani banks and tried to find out the reasons of lower efficiency scores of banks of both the countries. The author used DEA (Data Envelopment Analysis) Approach. It was found that in both countries efficiency of banks have increased but still less than international efficiency of banks. Major reason of low efficiency of bank was Non Performing Assets. NPA occurs due to political pressure, pressure on bank manager to give loans to those projects which were not economical viable, legal bindings on banks to directed lending, bad recovery system and economic conditions of the countries [55].

Burgess Robin, Pande Rohini, Wong Grace, 2005 found in their study that direct lending program help in reducing poverty through branch expansion [56].

Reserve Bank of India had draft a technical paper on PSL in 2005. In the paper it had been found that initially commercial banks are focusing on industries and export segment of PSL not on Agriculture sector. It was also revealed in the paper that internationality other countries like Japan, Korea, China, Brazil and Indonesia had stared the PSL in form of direct lending, but in most of countries this was not successful, So most of the countries had stopped PSL [17].

Basu Priya, 2005 had done a study on Indian Financial System; the main focus of the study was to know whether the Indian financial system is successful to help the poor or not. In this study she found that in PSL category bank are fulfilling the targets by investments in NABARD and SIDBI. The study also showed that in PSL category itself the rich farmers are getting benefit not small and marginal farmers. Banks also don't want to give small loans. This study had also shown some major issue like bribes, delay in giving loans, political interference while disbursing loans by banks [57].

Angabalan M and Selvam V, (2005) said that for poverty alleviation, finance is a required to every sector of economy. Micro finance is important tool for providing finance to all sectors of economy [58].

Mohua Roy, 2006 had reviewed the trend of bank lending to PSL and found that till 2005 agriculture PSL was constant and SSI PSL is showing a decreasing trend. The author also found that in agriculture PSL sector there is a trend of willful default, so NPA is increasing in this sector [59].

S. Chatrath and Gourav Vallabh (2006) said that banks are fulfilling their PSL targets by subscribing other eligible instruments. The author stressed that bank should improve their role in rural sectors. Researcher found that large farmers are getting loans from financial institutions under PSL but small farmers are still depend on non institutional sources [60].

Ghosh Saibal, (2006) revealed that a huge quantum of Indian banks credit go to priority sector, which had a less interest rate, which decrease the profitability of banks. The author used DEA analysis [61].

Ramesh Golait, (2007) said that banks are not providing enough loans to small and marginal farmers. The researched found that banks are looking for profitable sectors. The study suggested that banks can increase lending to agriculture by non govt organizations, dealers and agents [62].

According to Indian Development Report, (2008) RBI had taken various measures to increase credit flow to priority sector. On the recommendations of various committees in 2004-05 RBI announced 30% growth in agriculture sector, which was being doubled in 2005-06. Government issues various schemes time to time like giving

small loans (up to rupees 3 lakh) at a interest rate of 7%, issued a scheme of Kissan Credit Card (KCC), in 2004-05 term loans were included in KCC earlier to that only crop loans are covered under KCC. According to this report one more thing come in light that effect of PSL on NPA is ambiguous. The methodology was used in report is empirical analysis [63].

Uppal R.K., (2009) had studied the trends of PSL and identified some issues related to it. The main issues in PSL are Low Profitability, High NPAs, Quantitative targets, Government Interference and Transaction Cost. The study also suggested certain strategies to overcome this problems like: NPA Recovery System, Simple rate of interest not compounded one in case of agriculture loan, Discretionary power to branch managers, Qualitative targets. Researcher analyzed the trends by categorizing all Indian banks in to three categories: Public Banks, Private Banks and Foreign Banks. The Period of the study is 2006-2007 [64].

Ahmed Ud-din Jaynal, (2010) had done a study in Barak Valley to analyze the performance of PSL in study area. Researcher found that the banks are able to achieve the mandatory target of 40% in the study area, but SSI and agricultural advances are comparatively getting less attention than trade and services. Recovery Performance of Banks in Priority Sector Lending is not satisfactory; NPA of PSL is more than non PSL. There are various factors which affect the performance of PSL such as: interest rate, performance of banks measured with Credit-Deposit (C/D) Ratio, branch expansion and volume of business. Researcher fitted a regression model to know the effect of these factors on PSL. The entire study is subjected to statistical techniques like correlation analysis, regression analysis, growth rate analysis, parametric tests etc. The extent of credit channelization has been tested with the correlation matrix analysis. Linear growth rate and compound growth rate analysis have been used to assess the growth of bank credit in the area under study. A comparison of credit targets and actual achievements has been made to judge the credit performance. Besides this simple tabulation, percentage analysis has also been used. The bank's lending capacity has been studied with the percentage of recovery in agricultural sector [65].

Kaur Jasmindeep, Silony (2011) has reviewed the performance of commercial banks with reference to PSL after reforms era. The researcher analyzed that post reforms PSL of private banks grew faster than public banks. The study also conclude that

before 2002 main focus of PSL was on Agriculture sector but after 2002-03, both public and private banks focused on service sector, as this sector emerge as a leading factor for economic development. The study also compares the PSL NPAs of public and private banks and concludes that PSL NPA of public banks is more than private banks. The study is based on secondary data which has been collected through 'Report on Trend and Progress of Banking in India' for the various years. The period of the study is 1990-91 to 2007-08 [66].

Raman P., Thangavel N. (2011) conducted a study on social banking of India. This study is an attempt to know whether the Priority Sector Lending is able to achieve the social banking objective of RBI or not. This study find that in some extent it is successful like Branch expansion in rural areas, Credit to Micro and Small enterprises , Women Entrepreneurs, Sponsored Regional Rural Banks and advances to weaker section. But according to this study PSL is not successful in some areas like agriculture. This study says that the number of dependent persons on agriculture for food and livelihood remain unchanged but still banks are not able to fulfill the mandatory target of 18% in agriculture PSL. The study is conducted for India to know about the preference of Indian commercial banks in the area of Social Banking in particular reference to Priority Sector Credit. This study's test involve the effects of the credit system by commercial banks in the priority segments viz, Agriculture, Small Business, Rural and Weaker society Development and so on [67].

Ghosh, 2011 in his study found that Priority sectors like agriculture, SSI and others are also a reason of increasing NPA of Public and Private sector banks [68].

Dr. Tripathi K.K., (2011) said that agriculture in spite of its decreasing share in Gross Domestic Product remained backbone of Indian economy. Research found that in agriculture sector loan disbursement was biased among the beneficiaries. The study suggested that there is a great need to find the problems and challenges in agriculture sector and to solve this [69].

Kaushik J. B. (2011) stated that rural economy had shown signs of development due to PSL. The study suggested to increase lending to small and marginal farmers and it could be done through micro finance [70].

Dr. Parimala G. Rani, (2011) analysed the PSL of commercial banks from 1995 to 2010. The study showed that PSL had an increasing trend. Growth of public banks, private banks was 13.99 percent and 35.63 percent respectively in the study period.

The study also found that during research period PSL NPA had increased in initial year later on it declined [71].

Sadhan Kumar Chattopadhyay, found in his study that flow of credit ratio of agriculture from total bank's credit had declined from 1975 to 2005. After bank reforms bank were not able to achieve the targets of agriculture PSL. The study stated that medium and large farmers were getting benefits of PSL rather than small and marginal farmers [72].

Silony (2012), studied the growth of PSL in Punjab from 1991 to 2011. The researcher studied the view of 300 beneficiaries of the field and 48 managers of selected banks. The research found various factors which are responsible for negative performance of PSL such as inadequacy of loans, illegal payment, rate of interest and delay in disbursement of loans. It is also found in the study that agriculture advance of both public and private banks has increased in study period but it was 12 to 15% for public banks and 12 to 13% for private banks. It means both public and private banks were not able to fulfil the mandatory 18 % target in agriculture. It was also found that both public and private banks believe that NPA was more in PSL. The study also found that most of the beneficiaries were not satisfied with the behaviour of banks [73].

Patidar Suresh, Kataria Ashwini (2012) had analyzed the effect of Priority Sector Lending on Non performing assets of banks. The study is a comparison of NPA of PSL of public and private banks. The data is collected through secondary sources like internet, related books, case studies and research articles. Researchers used regression analysis and fitted a linear relationship between PSL and NPA. Researcher found that PSL of both public and private banks priority sector advances increased in study period, the reason for increase in PSL is mandatory target fixed by RBI. Using Regression analysis it is clear that PSL has significant impact over NPA [74].

Raman D. (2013) conducted a study in Tamil Nadu towards PSL of commercial banks. Study shows that all banks are fulfilling the mandatory targets of 40% in the study area. Researcher find that agriculture advances grow over 18%, education loan increase 30% and housing loan increase by 8% in the study area. There is also a tremendous increase in network of branches of banks. NPA also increase a lot in the above mention sectors. The study is based on analytical type of research

methodology. The study used the secondary data. The secondary data of national level is collected through RBI and Indian Banks Association, Economic Surveys, lead banks annual reports and report on trends and progress in banking. The state level and district level data is collected through State level bankers Committee (SLBC), Department of Priority Credit Section (PCD), Chennai and Commercial Banks in Tamil Nadu [75].

Shabbir N. (2013) conducted a study to know the sector wise priority advances in India. The researcher objective is to check the willingness of the banks to lend to priority sector and to know whether the banks are lending to the priority sector by direct means or indirect means. The study shows that lending to agriculture has increased but lending to agriculture through direct means has decreased. The study shows that the willingness of banks to lend to priority sector has increased [76].

Selvam N, 2013, done a study on customer perception regarding NPA of commercial banks, author found that customer also feel that social and political pressure in form of PSL also play a major role in increasing NPA. The study is based on primary and secondary data. The researcher use census method to collect data. Questionnaire is being prepared by the author and then the findings are compared with Chi-square test [77].

Dr. G Nagarajan., N. Sathyanarayana, Ali Asif, 2013 studied the relationship between recovery and NPA. Researchers found that the main reason of NPA is writing off bad loans [78].

Shabbir Najmi, 2014 has done a region wise study to know the status of PSL performance according to region. Author found that in some area PSL level is above requirement and in some area the PSL is far below than mandatory targets. He found that the PSL is highest in southern region after that in western and northern region [79].

Rajeshwari G, 2013 had found in her Ph. D. work that in the study period (2001 to 2011) banks are fulfilling the PSL targets. PSL of private banks are declining in the study area. Banks are failed to fulfill the PSL targets in crop loans instead of demand. The study also showed that there is less awareness about the schemes of PSL in the study area [80].

In Nathan Associates report 2013, It had been shown that PSL is having negative impact on profitability of banks as it increase transaction cost, increase NPA, decrease

deposit mobilization, delayed the repayment of loans. The report also focused that there is a tight monitoring and supervision required on Priority Sector advances [24].

Shabbir Najmi, Mujoo Rachna, 2013 has conducted a study for the comparison of NPA between private and public banks. Researchers found that NPA of public banks as compare to private sector banks is high because PSL of public banks is high than private banks. The study also shows that NPA in PSL is higher for both public and private banks [81].

Laveena, Malhotra Meenakshi, 2014 done a study on NPA and PSL. Researcher has analysed the NPA and PSL from 2002 to 2014. He has analysed the data by various statistical tools like ration correlation and regression. According to his study the coefficient of determination is 0.887; therefore, about 88.7% of the variation in the gross NPA data is explained by priority sector lending [82].

Banerjee Abhijit, Duflow Esther, 2014 found in their study that in PSL more administrative and labor cost is involved. The study says PSL has a less interest rate then market borrowing which has a direct effect on profitability of banking firms [83].

Dhar Satyajit, Bakshi Avijit, 2015 done a study to know the main determinants of NPA of Indian banks. The study reveals that there are various factors responsible for NPAs such as lack of infrastructure, bad recovery system, not proper appraisal of loan proposal, willful default in hope of debt relief, and lack of iniative by bank officials and use of loan amount for different purpose. The study also reveals that there is no role of PSL in raising NPA. The methodology used in study is empirical panel analysis [84].

It is clear from above mention studies that many studies are based on secondary data, there are less studies based on primary data. Problems/ variables of bankers and customers are presented in table 2.2 and 2.3 on basis of primary studies. Above studies identified various variable or problems in priority sector lending. The problems identified by various studies are categorised in to two categories.

1. Problems from the banker's side.
2. Problems from the customer's side.

Table 2.2 represents the major problems or variables from banker's side and various researchers name. (By whom these problems are being identified.) Table 2.3

represents the major problems or variables from customer's side and the various researchers name. (By whom these problems are being identified.)

Table 2.2: Problems/ Variables from Bankers Side		
	Problems/ Variables	**Researchers**
1	PSL Increase NPA	Jaynal Ud-din Ahmed,Sresh Patidar, Ashwini Kataria,Dr. Jasmindeep Kaur,R K Uppal,P Raman,Najmi Shabbir,Lavleena, N.Selvam, Debarshish Ghosh, G Nagarajan,Mohuya Roy,Satyajit Dhar,Indian Development Report,Ali Ataullah, K M Shajahan, Silony
2	PSL increase work burden	Abhijit V Banerjee
3	No different staff member for PSL	Abhijit V Banerjee
4	Social and political pressure	R K Uppal, N Selvam,Ali Ataullah
5	Not enough assessment of proposal	R K Uppal, N Selvam, Ali Ataullah
6	Wrong Categorization of loan	R K Uppal, Reddy P K,Ali Ataullah, K M Shajahan, B Abhiman Das
7	Not good proposal	R K Uppal, Reddy P K,Ali Ataullah, Satyajit Dhar
8	No of Accounts are more	Abhijit V Banerjee
9	Will full default	Jaynal Ud-din Ahmed, Mohuya Roy, Satyajit Dhar
10	Recovery is difficult	Janal Ud-din Ahmed,
13	No motivation to bank employees for increasing PSL	Jaynal Ud-din Ahmed
14	Less preference to agriculture	Jaynal Ud-din Ahmed, Najmi Shabbir, C V Murthi, Rajaram Dasgupta
15	Preference to SSI	Jaynal Ud-din Ahmed, Najmi Shabbir, C V Murthi, Rajaram Dasgupta
16	Preference to Other PSL	Jaynal Ud-din Ahmed, Najmi Shabbir, C V Murthi, Rajaram Dasgupta

17	PSL effects Profitability of bank	R K Uppal, Bhattacharya A, Milind Sathye, Ali Ataullah, Kusum Ketkar,B Abhiman Das, Abhijit V Banerjee

Table 2.3: Problems / variables from Customers Side

	Problems/ Variables	Researchers
1	Less awareness about scheme	Rajeshwari G, Silony
2	Less awareness about interest rate	Rajeshwari G, Silony
3	Less awareness about subsidy of interest rate	Rajeshwari G, Silony
4	Less awareness about subsidy of loan	Rajeshwari G, Silony
5	Less awareness about security	Rajeshwari G, Silony
6	Less awareness about margin money	Rajeshwari G, Silony
7	Time taking procedure	Jasmin Kaur, Silony,Priya Basu
8	Complex/tough and difficult procedure	Jasmin Kaur, Silony,Priya Basu
9	Inadequacy of loan	Jasmin Kaur, Silony,Priya Basu
10	Gift to managers	Priya Basu, Silony
13	Gift to agents	Priya Basu, Silony
14	Bribe to agent	Priya Basu, Silony
15	Bribe to managers	Priya Basu, Silony
16	Use of loans for paying old debts	Sataya Jit Dhar
17	Use of loan for Extension of project	Sataya Jit Dhar
18	Use of loan for Social ceremonies	Sataya Jit Dhar
19	Use of loan for Further investment	Sataya Jit Dhar
20	Use of loan for any other purpose than it is actually taken	Sataya Jit Dhar
21	No guidance provided by bankers	Satyajit Dhar,Silony
22	Not received help from bank officials in fulfilling formalities	Satyajit Dhar,Silony
23	Bank officials them self have less knowledge about different schemes of PSL	Satyajit Dhar,Silony

24	Less cooperation from bankers	Satyajit Dhar,Silony
25	No initiative taken by managers for PSL loans	Satyajit Dhar
26	PSL increase Income	Uma S, P Raman, Robin Burgess
27	Increase Profitability	Uma S, P Raman, Robin Burgess
28	Increase employment	Uma S, P Raman, Robin Burgess
29	Status/reduce poverty	Uma S, P Raman, Robin Burgess
30	PSL recovery system is not good	R K Uppal, G. Nagarajan, Ali Ataullah, Sataya Jit Dhar,

2.4. RESEARCH GAPS AND PROBLEM STATEMENT:

From the above review of earlier studies (Literature Review) and with the best knowledge of researcher it is revealed that there are lots of studies on secondary data of PSL, only a few studies are based on primary data exclusively on the priority sector lending by banks. Singh and Balraj (1979) had done a study in Hissar [27]. S. Uma (2001) has done a primary study in Banglore district on SSI PSL [46]. P. Vimala, (2002) had done a study in Kerala. Silony, (2012) had done a primary study on practices of PSL in Punjab. Rajeshwari G. (2013) had done a study on performance of commercial banks in Srikakulam district. It is found that the primary studies related to problems of customers and bank officials are remain un-researched in the study area (Delhi/NCR). So there is a great need to study that what problems are being faced by customers while taking loans under PSL categories in Delhi/NCR. The perspective of bank officials towards PSL is also need to be studied.

It was also found in the prior studies that trend and growth was done on the basis of average method and not being extensively done in different types of PSL.

The above studies found that there was significant impact of PSL on NPA, but this is still to be studied that what is the role of different types of PSL in increasing NPA.

So the problem statement of the study is:

'To study the long term trend in Priority Sector Lending in Indian commercial banking sector and to analyse the problems faces by customers and bank officials in dealing with priority sector lending in Delhi/NCR and to study the impact of PSL and its types on NPA'

It can be stated for concluding this chapter that various studies regarding PSL at Indian and International level are being contemplated in this chapter. Few studies are directly related with the research theme and very supportive in identifying the variables related to the problems of bank officials and customers of PSL. Some studies are helpful in designing the research methodology. Literature review help in identifying the research gap and framing the objectives of the study.

CHAPTER -III
OBJECTIVES AND RESEARCH METHODOLOGY

This chapter delineates the problem articulation, destinations of the research; inquire about research design, kind of information and system of information aggregation, the survey strategy, the overview methodology used, Hypothesis to be tested and the distinctive measurable procedures used in the present research.

3.1 STATEMENT OF THE PROBLEM/ DESCRIPTION OF THE PROBLEM:

An all around characterized problem is important to begin a research work. The strategy of research must start with the elucidation of issue. The idea of Priority Sector Lending was begun in India in 1972. Priority Sector Lending incorporates Agriculture, Small Scale Industries, Education, Housing, Weaker segment and Renewable energy etc. The reason behind the Priority Sector Lending was to give fund to these sectors because flow of credit is basic to build up any area of economy. RBI had prescribed mandatory targets to commercial banks for giving credit to these sectors. The present study is an effort to study that whether the Indian commercial banks were fulfilling the PSL targets or not in study period. If no, where were the inadequacies and why. If yes, then what were the practices being followed by public and private banks? By practices the researcher implies that what issues are being confronted by customers and bank authorities in PSL. The impact of PSL on NPA is also being studied. Comparison of impact of PSL and Non PSL on NPA of public and private banks is also being done.

Thus, the issue explanation of the present research can be expressed as:

"To study the long term trend in Priority Sector Lending in Indian commercial banking sector and to analyse the problems faces by customers and bank officials in dealing with priority sector lending and to study the impact of PSL and its types on NPA"

The above mentioned research problem is studied with the help of following objectives. This research study is exploratory as well as descriptive in nature.

3.2 OBJECTIVES OF THE STUDY:

The main objective of the research study *"To study the long term trend in Priority Sector Lending in Indian commercial banking sector and to analyse the problems faces by customers and bank officials in dealing with priority sector lending and to study the impact of PSL and its types on NPA"* This objective is fulfilled with the help of various sub-objectives stated as follows:

Objective 1: To Study the long term Trend, Practices and growth of priority sector lending targets since 2000 by public and private sector banks.

Objective 2: To explore the reasons for Low preference of Priority Sector Lending in Delhi/NCR on the part of banks and customers.

(i) To study the problems faced by customers (Agriculture, SSI and Others) in taking Priority Sector Lending in Delhi/NCR.

(ii) To explore the reasons of low preference of bank officials in providing the priority sector loans in Delhi/NCR.

Objective 3: To give suggestions to improve the priority sector lending in India

Objective 4: To study the impact of PSL on NPA of Indian commercial banks.

3.3 HYPOTHESES TO BE TESTED

On the basis of defined objectives, the following hypotheses are tested in the research study:

H 1*:"There exist no significant long term trends in PSL in Indian commercial banks"*

H 2*: "There exist no significant long term trends in Agriculture PSL in Indian commercial banks"*

H 3*: "There exist no significant long term trends in SSI PSL in Indian commercial banks"*

H 4*: "There exist no significant long term trends in Other PSL in Indian commercial banks"*

H 5: *"There exists no significant long term growth rate in PSL in Indian commercial banks"*

H 6: *"There exists no significant long term growth rate in Agriculture PSL in Indian commercial banks"*

H 7: *"There exists no significant long term growth rate in SSI PSL in Indian commercial banks"*

H 8: *"There exists no significant long term growth rate in Other PSL in Indian commercial banks"*

H 9: *"There exists no significant impact of PSL on NPA in Indian commercial banks"*

H 10: *"There exists no significant difference in impact of PSL on NPA of public and private banks"*

H 11: *"There exists no significant impact of Agriculture PSL on NPA in Indian commercial banks"*

H 12: *"There exists no significant difference in impact of Agriculture PSL on NPA of public and private banks"*

H 13: *"There exists no significant impact of SSI PSL on NPA in Indian commercial banks"*

H 14: *"There exists no significant difference in impact of SSI PSL on NPA of public and private banks"*

H 15: *"There exists no significant impact of Other PSL on NPA in Indian commercial banks"*

H 16: *"There exists no significant difference in impact of Other PSL on NPA of public and private banks"*

H 17: *"There exists no significant impact of Non PSL on NPA"*

H 18: "*There exists no significant difference among type of loan and problems faced by customers."*

H 19: "*There exists no significant difference among type of loan and problems faced by bank officials."*

3.4 RESEARCH DESIGN:

Research design can be clarified as a point by point format of how an examination will happen. It is truly an end-all strategy which controls the procedures and methods

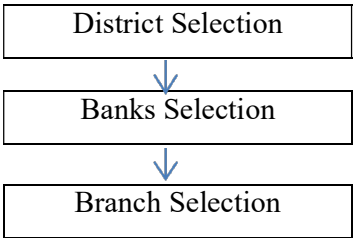
for gathering information and breaking down the required data. A research design will normally join how information is to be gathered, what sources will be utilized, how the gathered information will be analyzed and the expected means for investigating information gathered. This examination study was an **exploratory and descriptive research** in light of an extensive measure on the accumulation of essential information from the clients and bank authorities of Indian commercial banks. This exploration consider investigated the reasons of low inclination of bank authorities towards PSL and the issues confronted by clients in taking PSL from Indian commercial banks. The research descriptively investigated the presence of long term trend and growth in the behaviour of PSL in Indian commercial banks. Notwithstanding this the study additionally analyzed the relationship between the PSL and the level of NPA of Indian commercial banks over the last 16 years.

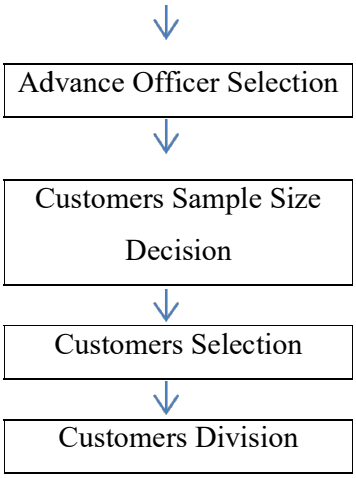
3.5. SAMPLING FRAME

Sampling frame can be defined as a list of elements from which a sample may be drawn. The study included both secondary data and primary data. The secondary data was collected with the help of various reports of RBI and State Level Bankers Committees. These were 'Reports on trend and progress of Banking in India' from 2000 to 2016, 'Reserve Bank of India Annual Report', various statistical tables of public sector banks and private banks published by RBI and minutes of meetings of State Level Bankers Committees.

For the primary data the target population in the study were the bank officials of Indian commercial banks as well the customers of priority sector lending in Delhi/NCR. The sample size in the research study was 400 for customers of PSL and 112 for banking officials. Total 512 respondents were taken as sample. Multistage sampling technique was used to take the samples as shown in figure 3.1.

Figure 3.1. Multistage Sampling





3.5.1. **District Selection:** Delhi/NCR majorly covers area from 3 states: National Capital Territory (Delhi), some districts of Haryana and some districts of Uttar Pradesh. One district of Rajasthan (Alwar) is also covered in Delhi/NCR. At first stage from the 3 regions of Delhi/NCR (Delhi, Haryana, Uttar Pradesh) 3 districts were selected on the basis of convience. List of districts is shown below in table 3.1.

Table 3.1. List of District in Delhi/NCR

Region	Name of the Districts
Haryana	Faridabad, Mewat, Gurgaon, Sonepat, Rohtak, Jhajjhar, Rewari, Palwal and Panipat
Uttar Pradesh	Meerut, Gautam Budha Nagar, Ghaziabad, Hapur, Baghpat and Bulandshahr
Delhi	Connaught Palace, Kanhwala , Narela, Dwarka, Rajouri Garden, Defence Colony, Saket, Daryaganj, Seelampur, Preet Vihar, Shahdara

Narela, Dwarka and Defence Colony were selected from Delhi. Faridabad, Sonepat and Panipat were selected from Haryana. Ghaziabad, Merrut and Hapur were selected form Uttar Pardesh.

3.5.2. **Banks Selection:** At next stage top 11 commercial banks were selected on the basis of trend analysis from the period 2000 to 2012. Researcher started the survey in 2012, so trend analysis was done for 2000 to 2012. Result of trend

analysis of top11 banks is shown in table 3.2. These top 11 banks cover almost one third business of banking industry.

Table 3.2. List of Top Banks on the Basis of Trend Analysis		
Sr. No.	**Bank Name**	**Regression Coefficients PSA**
1	State Bank of India	19708.08
2	ICICI Bank Ltd.	7512.02
3	IDBI Bank Ltd.	6780.18
4	Punjab National Bank	5871.81
5	HDFC Bank Ltd.	5313.70
6	Bank of India	5098.37
7	Bank of Baroda	4830.36
8	Canara Bank	4396.65
9	Union Bank of India	4222.52
10	Axis Bank Ltd.	3720.02
11	Syndicate Bank	3388.35

3.5.3. **Branch Selection:** At the next stage one branch of each selected bank was selected from each selected district on basis of convenience sampling. So 99 branches were selected. (3 NCR regions* 3 districts each region* 11 Banks =99)

3.5.4. **Advance Officer Selection:** The bank official who was responsible for advances is taken as sample. Out of these 99 selected branches, in 86 branches one advance officer was there and in 13 branches two advance officers were there. So out of 99 branches 112 bank officials were taken as sample.

3.5.5. **Customers Sample Size Decision:** Sample size of customers was decided by Solvin's formula. Solvin's formula to calculate sample size is: $n = N / (1 + N e^2)$.

Here n sample size, N is population, e is error.

N was 7, 90,00,933. Level of confidence is taken 95 percent, so e is .05.

So n is 399.998. So a sample size of 400 customers is taken.

Number of account holders of PSL in Delhi was 6,56,986, in Haryana was 11,57,378 and in Uttar Pradesh was 60,86,569 in 2012 (as per report of Distribution of Select Items of Scheduled Commercial Bank's Advances to Priority Sector – 2012 by RBI) [90]. So, total no of account holders was Delhi, Haryana and Uttar Pradesh is 7,90,00,933.

3.5.6. **Customers Selection:** Three to five PSL customers were selected from each branch by way of convenience sampling. The selections of customers are from all the three sectors Agriculture, SSI and Other PSL sectors.

3.5.7. **Customers Division:** The customers from all the three categories: Agriculture, SSI and Other PSL. Total 400 customers of PSL were taken as sample out of which 180 of Agriculture PSL, 105 of SSI PSL and 115 of Other PSL.

Thus primary data was being collected through 400 customers and 112 bank officials. Total sample size is 512 (400+ 112). For collecting data of 400 customers 550 questionnaires were distributed, out of this 432 customers filled the questionnaires. Out of these 432 questionnaires only 400 were complete.

3.6 TYPE OF DATA AND DATA COLLECTION

The ***primary data*** as well as ***secondary data*** was collected in the research study. The primary data was gathered with the help of self-designed questionnaire from Delhi/NCR. The secondary information was collected of 49 banks for the period of 2001 up to 2016. The secondary data comprise of time series yearly data of selected parameters as mentioned beneath:

- Total PSL
- Agriculture PSL
- SSI PSL
- Others PSL

3.7 DESIGNING AND DEVELOPING QUESTIONNAIRE

The primary data was gathered by method of self-designed questionnaire. Two questionnaires were confined one for bankers and another for customers of PSL. In the

questionnaire of bank officials the statements were incorporated related to recovery problem, NPA, work burden issues, political, social and target pressure problem and motivation problem. In the questionnaire of clients the issues identified with bank official behaviour, procedure, bribes, awareness and sufficiency of loans were incorporated. The questionnaire was created and tested in the following stages:-

(i) Identifying variables with the help of literature review.
(ii) Pilot survey
(iii) Finalizing the questionnaire
(iv) Reliability check

The final structured questionnaire was prepared utilizing mainly close ended questions based on the specified choice option.

3.8 PILOT SURVEY

Actual information collection was preceded by a pilot survey. The pilot survey was carried done with an example size of 30 respondents with a view to clarify questionnaire structure comprehensively and avoid any understanding issues. Recommendations and remarks were welcomed from the respondents (bank authorities as well as customers). This procedure helped building up an understanding to achieve required changes in the general design or taxonomy of the questionnaire by incorporating recommendations and observations. This additionally helped in enhancing the quality and texture of the questionnaire to guarantee smooth information gathering.

The reliability of the survey was measured of different stages to guarantee that information gathered was reliable and information could be dissected further. Cronbach alpha values were figured of three phases, firstly after gathering information from 25 bank officials, customers and subsequently after the gathering information from 40 and 60 respondents.

3.9 DATA ANALYSIS AND METHODS

As information means crude data gathered from sundry sources. This crude data required filtrations with a specific end goal to change over into applicable data having

been compiled, altered and coded i.e. it needed to go through a procedure of analysis had to be interpreted accordingly in like manner before their significance and suggestions are understood. Different statistical techniques were to be utilized for testing the hypothesis and reaching the deductions and determinations about the relationship.

In the research study, following statistical methods were applied:

3.9.1. Frequency Distribution: N. K. Malhotra, (2008) said that Frequency distribution is a strategy for showing the recurrence (number of times a specific estimation of a variable repeats in the information) of various estimations of a variable in the informational collection. It speaks to the tallies of all results of a variable in test. The frequency distribution of a variable can be shown in to tabular frame and also graphical shape [86]. In the research study the frequency distribution was used to represent the demographic profiles of the customers selected.

3.9.2. Descriptive Analysis: In the research study the primary data was collected from the customers and bank officials of Indian commercial banks which were selected for the purpose of research. The data was collected with the help of self-designed questionnaire. The descriptive analysis of the variables including NPA, work burden, social, political and target pressure and motivations was done and represented. From the descriptive analysis, the measure of central tendency (mean) and dispersion (standard deviation) were estimated in the research study.

3.9.3. Trend Analysis: A time series may have *long term trend* (increasing or decreasing). The movement of a time series variable in one direction with time is known as trend. The trend is a long term concept and cannot be identified in short duration of time. In the research study, the long term trend were analysed of the selected variables related to PSL in India commercial banks. If Y_t is a time series variable, the presence of a long-term trend in the series can be analyzed with the help of following model

$$\boldsymbol{Y_t = \alpha + \beta * Time + \epsilon_t}$$

Where, '*Time'* is the time variable. The slope coefficient (beta) of the regression model represents the long term trend in the series. If the p value of t statistic is less than five percent level of significance, it indicates the presence of a statistically significant long term trend in the time series. Trend anlaysis was used in this study to find long term trend of PSL, Agriculture PSL, SSI PSL and other PSL of Indian commercial banks. The following hypotheses were tested with the help of trend analysis:

H 1*:"There exist no significant long term trends in PSL in Indian commercial banks"*

H 2*: "There exist no significant long term trends in Agriculture PSL in Indian commercial banks"*

H 3*: "There exist no significant long term trends in SSI PSL in Indian commercial banks"*

H 4*: "There exist no significant long term trends in Other PSL in Indian commercial banks"*

3.9.4. Growth Rate Estimation: In the research study the growth rate in the behaviour of selected variables was estimated with the help of semi-log model. The exponential annualized growth rate of a series can be estimated with the help of following model:

$$\log(Y)_t = \alpha + \beta * Time + \epsilon_t$$

Where, '*Time'* is time variable in years. The slope coefficient (beta) of the regression model represents the value of the growth rate of the time-series variable. If the p value of t statistic is less than five percent level of significance, it indicates that the growth rate of the time series variable is statistically significant.

The following hypotheses were tested with the help of Semi-log model:

H 5*: "There exists no significant long term growth rate in PSL in Indian commercial banks"*

H 6*: "There exists no significant long term growth rate in Agriculture PSL in Indian commercial banks"*

H 7*: "There exists no significant long term growth rate in SSI PSL in Indian commercial banks"*

H 8*: "There exists no significant long term growth rate in Other PSL in Indian commercial banks"*

3.9.5. Exploratory Factor Analysis: Exploratory factor analysis was utilized to discover the primary issues of bank authorities. Exploratory factor analysis is a measurable strategy for decreasing the quantity of factors into couple of idle (factors). N. K. Malhotra, (2008) said that "Exploratory factor analysis (EFA) investigates the relationships among various variables and clubs the variable high level of connections among themselves. It does this by seeking underlying unobservable (latent) variables that are reflected in the observed variables (manifest variables)" [85]. In the research study problems faced by bank offiicals is analyzed with the help of exploratory factor analyis. As PSL is broadly classified among 3 types. So problems related to each type of PSL loan is analyzed differently. Each Bank official have to deal with all the three type of loan. So views of bank officials are taken about all the there type of PSL Loans.

3.9.6. One Way Anova: One way ANOVA is used to test the difference in the means of the three or more than three independent samples. Because of the presence of family wise error the ANOVA test is always preferred to multiple t tests. In case of ANOVA test the null H is that all sample means are equal.

Ho: All group means are equal

ANOVA procedure calculates the F- statistics which compares the systematic variance in the data (between group variance) to the unsystematic variance (within group variance). As there were three major categories Agriculture PSL, SSI PSL and Other PSL, one way Anova was applied to compare the problem among different categories [87].

The following hypotheses were tested with the help of Anova:

H 18*: "There exists no significant difference among type of loan and problems faced by customers."*

H 19*: "There exists no significant difference among type of loan and problems faced by bank officials."*

3.9.7. Chi Square Test: Chi Square Test is used to know the significant association between the categories regarding the specific occurrence of event. In the research Chi Square Test is used to test the significant association between type of loan in PSL and number of visits before sanctioning the loans, To test significant association between type of loan in PSL and number of visits after sanctioning the loans, To test significant association among type of loan and reminder for instalment, To Test significant association among type of loan and repayment schedule and to test significant association between type of loan and on time instalment payment.

3.9.8. Panel Data Regression Model: Panel data is data that involves measurements of many individual units over a period of time, i.e., the same cross-sectional unit is surveyed over time. In short, panel data has the ***space*** and ***time*** dimensions. In the study the data for public and private banks is collected for 16 years on NPA, PSL NPA, Non PSL NPA, Agriculture PSL, SSI PSL and Other PSL. Hence the nature of the data was panel. In order to analyse the panel data, the fixed and random effect model was applied in the study. The panel data regression model can be represented as:

$$Y_{it} = \beta_i + \beta_1 X_{1it} + \beta_2 X_{2it} + \ldots\ldots \beta_k X_{kit} + u_{it}$$

The subscript *i i*ndicate the cross-sections considered in the study and t represents the time series behaviour of the variables. The choice of fixed effect model and random effect model depends on the results of f test as well as Hausman test. As there were two cross sections in the study public and private banks, Panel data regression model was used to test the following hypothesis:

H 9*: "There exists no significant impact of PSL on NPA in Indian commercial banks"*

H 10*: "There exists no significant difference in impact of PSL on NPA of public and private banks"*

H 11*: "There exists no significant impact of Agriculture PSL on NPA in Indian commercial banks"*

H 12*: "There exists no significant difference in impact of Agriculture PSL on NPA of public and private banks"*

H 13*: "There exists no significant impact of SSI PSL on NPA in Indian commercial banks"*

H 14: *"There exists no significant difference in impact of SSI PSL on NPA of public and private banks"*

H 15: *"There exists no significant impact of Other PSL on NPA in Indian commercial banks"*

H 16: *"There exists no significant difference in impact of Other PSL on NPA of public and private banks"*

H 17: *"There exists no significant impact of NON PSL on NPA"*

3.10. SOFTWARE USED:

In the research study, MS Excel, SPSS 20 and E views are used for the purpose of data analysis.

CHAPTER - IV
TREND AND GROWTH ANALYSIS OF PRIORITY SECTOR LENDING

The first objective of the study was "To Study the long term trend, Practices and growth of priority sector lending targets by various Indian commercial banks." In the research the effort has been done to do detailed analysis of trend and growth of PSL in India. All Indian commercial banks are being considered for trend and growth analysis. Trend anlaysis is done of Total PSL, Agriculture PSL, SSI PSL and Other PSL of both public and private banks. Trend analysis is done with the help of regression analysis, where time is taken as independent variable. Growth analysis is done with the help of Semi Log Model. Growth analysis of Total PSL, Agriculture PSL, SSI PSL and Other PSL of both public and private banks is being done in the study. Study area for the primary data is Delhi/NCR. Delhi/NCR includes Delhi, some districts of Haryana, some districts of Uttar Pradesh and one district of Rajsthan. Trend and Growth anlaysis of Delhi, Haryana and Uttar Pradesh is also being done separately. As there is only one district of Rajsthan, so trend and growth analysis of Rajsthan is not being considered. There are 49 Indian commercial banks which include 28 public banks and 21 private banks. Trend and growth analysis of PSL of all Indian commercial banks (separately) is also being done in the research study.

The following hypotheses have been tested in this chapter:

H1*:"There exist no significant long term trends in PSL in Indian commercial banks"*

H2*: "There exist no significant long term trends in Agriculture PSL in Indian commercial banks"*

H 3*: "There exist no significant long term trends in SSI PSL in Indian commercial banks"*

H4*: "There exist no significant long term trends in Other PSL in Indian commercial banks"*

H 5*: "There exists no significant long term growth rate in PSL in Indian commercial banks"*

H6*: "There exists no significant long term growth rate in Agriculture PSL in Indian commercial banks"*

H7: *"There exists no significant long term growth rate in SSI PSL in Indian commercial banks"*

H 8: *"There exists no significant long term growth rate in Other PSL in Indian commercial banks"*

4.1 TREND ANALYSIS OF PSL OF PUBLIC AND PRIVATE BANKS

Every bank is prescribed by RBI to lend 40 percent of the total credit to Priority Sectors. The PSA of Indian commercial Banks is as shown in Table 4.1. It is clear from table 4.1.that on an average public sector banks PSA is 41 percent and Private sector banks PSA is 43 percent. So overall Indian commercial banks are able to fulfill the targets in the study period.

Table 4.1. PSA of Indian Commercial Banks

(Amount in Rupees Crores)

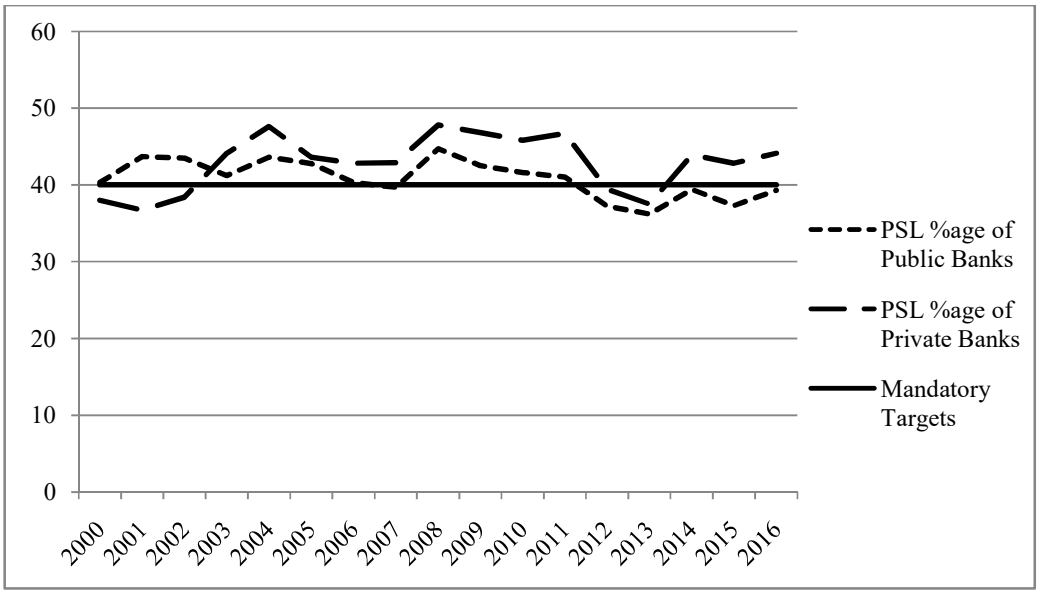
Year	Public Sector Banks			Private Sector Banks		
	PSA Amount	% of ANBC	Total ANBC	PSA Amount	% of ANBC	Total ANBC
2000	127,478	40.3	341227	18,368	38	58766
2001	149,116	43.7	394216	21,567	36.7	62979
2002	171,484	43.5	484917	24,184	38.4	83102
2003	199,786	41.2	560679	36,648	44.1	102773
2004	244456	43.6	717397	48,920	47.6	160289
2005	307046	42.8	1016744	69,886	43.6	249033
2006	409748	40.3	1313290	106,586	42.8	336944
2007	521376	39.7	1365660	144,549	42.9	343238
2008	610450	44.7	1694313	164,068	47.8	406425
2009	720083	42.5	2076387	190,207	46.8	538624

2010	863777	41.6	2494939	246,690	45.8	533488
2011	1022925	41	3039516	249,139	46.7	726904
2012	1130700	37.2	3541989	286,400	39.4	873067
2013	1282200	36.2	4109137	327400	37.5	1058087
2014	1619000	39.4	4694906	464500	43.9	1239019
2015	1751200	37.3	5050891	530,300	42.8	1469388
2016	1985000	39.3	341227	648000	44.1	58766
Average	771519	41		210436	43	

Source: RBI Annual Report (2000 to 2016) and Report on Trend and Progress of Banking in Indian (2000 to 2016) and https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88- 99]

It is clear from graph 4.1 that public banks are fulfilling the mandatory targets till 2000 to 2011 but not able to fulfill mandatory targets after 2011. Private Banks are not able to fulfill the mandatory target in year 2000, 2001, 2002, 2012 and 2013 but are able to fulfill the targets in remaining years.

Graph 4.1 PSL Targets Achievement of Public and Private Banks



Framed on the basis of Table 4.1

In the research study trend analysis of PSL is done with the help of regression analysis mention as: PSL = α +β (time in years)

Where PSL is dependent variable, α is intercept, and β shows trend in PSL per year. The results of trend analysis are shown below in table 4.2:

Table No 4.2. Trend Analysis of PSL of Public and Private Banks

DV	IV	Public Banks				Private Banks			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
PSL	Intercept	-215344416.1	-13.827 (.000)	94.1%	192.359 (.000)	-61145916.44	-12.645 (.000)	93.1%	160.797 (.000)
	Time	107599.145	13.869 (.000)			30543.446	12.681 (.000)		

The results of regression analysis indicated that p value of t statistics for both public and private sector banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of PSL both in case of public and private sector banks. So **H1***: "There exist no significant long term trends in Agriculture PSL in Indian commercial banks"is rejected*

The slope coefficient of PSL in case of public sector banks is found to be 107599.145. **This indicates that PSL of public banks increase by Rs 107599 crores every year in the selected period of 2001 to 2016. In case of private sector banks slope coefficient is found to be 30543.446 crores, which indicates that on an average the PSL of private sector banks increase per year by Rs 30543 crores**. Comparing the long term trend of PSL in public and private sector banks, it is found that the long term trend is significantly greater in case of public sector banks as compare to private sector banks. The results also indicate that 94.1% of the behaviour of public banks PSL can be explained by the long term trend analysis, however in case of private banks 93.1% of the behaviour of PSL can be explained by the long term trend.

4.2. TREND ANALYSIS OF AGRICULTURE PSL OF PUBLIC AND PRIVATE BANKS:

RBI also prescribed that from total 40 percent of PSL, 18 percent should be given to Agriculture PSL. Table 4.3 shows the agriculture PSL lending in the study period by public and private bank. It is clear from table 4.3 that on an average public sector banks Agriculture PSL is 16 percent and private sector banks Agriculture PSL is 14 percent. So Banks are not able to fulfill Agricultures PSL target in study period.

Table 4.3. Agriculture PSA of Indian Commercial Banks

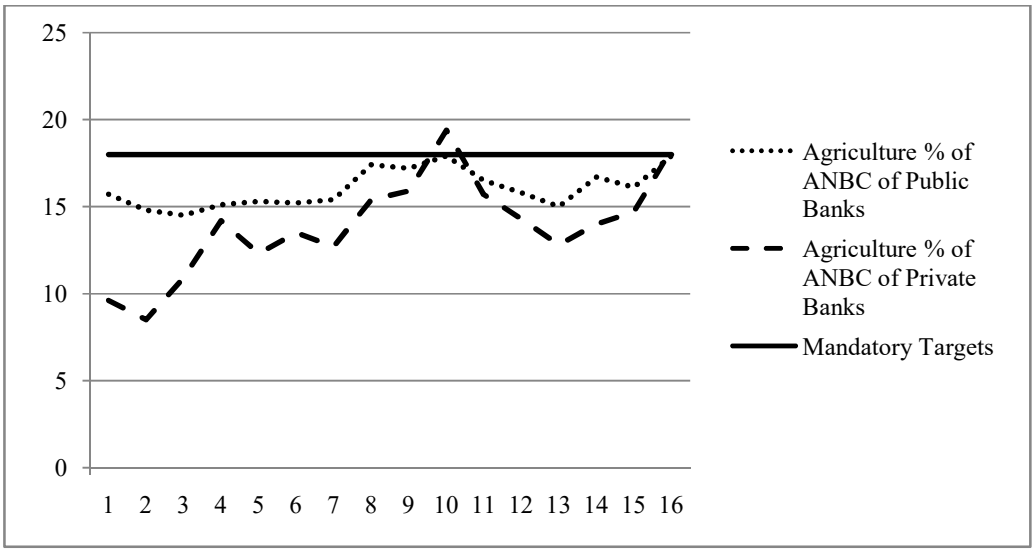
(Amount in Rupees Crores)

Year	Public Sector Banks		Private Sector Banks	
	Agri PSA Amount	% of ANBC or Credit	Agri PSA Amount	% of ANBC or Credit
2001	53571	15.7	5634	9.6
2002	58142	14.8	6381	8.5
2003	70501	14.5	9924	10.9
2004	84435	15.1	14730	14.2
2005	109917	15.3	21633	12.3
2006	154900	15.2	36185	13.5
2007	202614	15.4	52034	12.7
2008	248685	17.4	57702	15.4
2009	298211	17.2	76062	15.9
2010	372463	17.9	90737	19.4
2011	414991	16.5	92136	15.7
2012	478600	15.8	104200	14.3
2013	530600	15	111900	12.8
2014	687400	16.7	147800	14.0
2015	756200	16.1	181800	14.7
2016	904772	17.9	268857	18.3
Average	339,125	16	79,857	14

Source: Compiled from RBI Annual Report (2000 to 2016) and Report on Trend and Progress of Banking in Indian (2000 to 2016) and https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88 -99]

It is clear from graph 4.2 that both public banks and private banks are not able to fulfill Agriculture PSL target in the study period of 2000 to 2016 expect year 2016.

Graph 4.2 Agriculture PSL Targets Achievement of Public and Private Banks



Framed on the basis of Table 4.3

Trend analysis of Agriculture PSL is done with the help of regression analysis mention as: Agriculture PSL = α +β (time in years). Where Agriculture PSL is dependent variable, α is intercept, and β shows trend in Agriculture PSL per year. The results of trend analysis are shown below in table 4.4:

Table 4.4. Trend Analysis of Agriculture PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-valu33e)	R^2	F stat. (p value)
Agri PSL	Intercept	-844419853.55	-15.178 (.000)	95.5 %	231.653 (.000)	-19950867.76	-19.530 (.000)	97.2%	383.405 (.000)
	Time	42180.665	15.220 (.000)			9966.676	19.581 (.000)		

The results of regression analysis indicates that p value of t statistics for both public and private sector banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of Agriculture PSL both in case of public and private sector banks. So **Hypotheses 2***: "There exist no significant long term trends in Agriculture PSL in Indian commercial banks" is rejected.*

The slope coefficient of PSL in case of public sector banks is found to be 42180.665. **This indicates that Agriculture PSL of public banks increase by Rs 42180 crores every year in the selected period of 2001 to 2016. In case of private sector banks slope coefficient is found to be 9966.676 crores, which indicated that on an average the Agriculture PSL of private sector banks increase per year by Rs 9966 crores.** Comparing the long term trend of Agriculture PSL in public and private sector banks, it is found that the long term trend is significantly greater in case of public sector banks as compare to private sector banks.

The results also indicates that 95.5% of the behaviour of public banks Agriculture PSL can be explained by the long term trend analysis, however in case of private banks 97.2% of the behaviour of Agriculture PSL can be explained by the long term trend.

4.3. TREND ANALYSIS OF SSI PSL OF PUBLIC AND PRIVATE BANKS:

There is no separate prescribed target for SSI PSL by RBI in the study period. It is considered within the overall target of 40 percent to PSL. The SSI PSL of public and private banks is shown below in table 4.5.

Table 4.5. SSI PSA of Indian Commercial Banks

(Amount in Rupees Crores)

Year	Public Sector Banks		Private Sector Banks	
	SSI Amount	% of ANBC or Credit	SSI Amount	% of ANBC or Credit
2001	48400	14.2	8158	13.9

2002	49743	12.6	8613	13.7
2003	52988	10.9	6857	8.3
2004	58311	10.4	7590	7.4
2005	67800	9.5	8592	5.4
2006	82434	8.1	10447	4.2
2007	102550	7.8	13136	3.9
2008	151137	11.1	46912	13.7
2009	191408	11.3	46656	11.5
2010	276319	13.3	64825	12
2011	376625	15.1	87857	16.5
2012	396600	13	110500	15.2
2013	478400	13.5	141700	16.2
2014	587400	14.3	186800	17.7
2015	650400	13.9	216600	17.5
2016	734055	14.5	292342	19.9
Average	269036	12.1	78599	12.3

Source: Compiled through RBI Annual Report (2000 to 2016) and Report on Trend and Progress of Banking in Indian (2000 to 2016) and https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88-99]

Trend analysis of SSI PSL is done with the help of regression analysis mention as:

SSI PSL = $\alpha + \beta$ (time in years)

Table 4.6. Trend Analysis of SSI PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
SSI PSL	Intercept	-72367831.99	-8.028 (.000)	85.5 %	64.774 (.000)	-21118335.68	-6.887 (.000)	81.2%	47.629 (.000)
	Time	36147.121	8.048 (.000)			10543.874	6.901 (.000)		

Where SSI PSL is dependent variable, α is intercept, and β shows trend in SSI PSL per year. The results of trend analysis are shown below in table 4.6:

The results of regression analysis indicates that p value of t statistics for both public and private sector banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of SSI PSL both in case of public and private sector banks. So **Hypotheses 3***: "There exists no significant long term trends in SSI PSL in Indian commercial banks"* is rejected.

The slope coefficient of SSI PSL in case of public sector banks was found to be 36147.121. This indicates that **SSI PSL of public banks increases by Rs 36147 crores every year in the selected period of 2001 to 2016.** In case of private sector banks slope coefficient is found to be 10543.874 crores, which indicates that on an average the **SSI PSL of private sector banks increase per year by Rs 10543 crores.** Comparing the long term trend of SSI PSL in public and private sector banks, it is found that the long term trend is significantly greater in case of public sector banks as compare to private sector banks.

The results also indicate that 85.5% of the behaviour of public banks SSI PSL can be explained by the long term trend analysis, however in case of private banks 81.2% of the behaviour of SSI PSL can be explained by the long term trend.

4.4. TREND ANALYSIS OF OTHER PSL OF PUBLIC AND PRIVATE BANKS:

By Other PSL meant whatever left in total PSL after Agriculture PSL and SSI PSL. It could be explained as: Other PSL = Total PSL-Agriculture PSL-SSI PSL

It included the remaining categories of PSL after agriculture PSL and SSI PSL like lending to education, housing, renewable energy, differential rate of interest etc. Other PSL of public and private banks in the study period are shown in table 4.7.

Table 4.7. Other PSL of Public and Private Banks (Amount in Rupees Crores)				
Year	Public Sector Banks		Private Sector Banks	
	Other PSA Amount	% of ANBC or Credit	Other PSA Amount	% of ANBC or Credit
2001	47145	13.8	7775	13.2
2002	63599	16.1	9190	16.2
2003	76297	15.8	19867	24.9
2004	101710	18.1	26600	26
2005	129329	18	39661	25.9
2006	172414	17	59954	25.1
2007	216212	16.5	79379	26.3
2008	210628	16.2	59454	18.7
2009	230464	14	67489	19.4
2010	214995	10.4	91128	14.4
2011	231309	9.4	69146	14.5
2012	255500	8.4	71700	9.9
2013	273200	7.7	73800	8.5
2014	344200	8.4	129900	12.3
2015	344600	7.3	131900	10.6
2016	346173	6.9	86801	5.9
Average	203611	12.7	63984	17.0

Source: RBI Annual Report (2000 to 2016) and Report on Trend and Progress of Banking in Indian (2000 to 2016) and https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4

In the research study trend analysis of other PSL is done with the help of regression analysis mention as: Other PSL = $\alpha + \beta$ (time in years)

Where Other PSL is dependent variable, α is intercept, and β shows trend in Other PSL per year. The results of trend analysis are shown below in table 4.8:

Table 4.8. Trend analysis of Other PSL									
DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat (p-value)	R^2	F stat. (p value)
Other PSL	Intercept	-38604056.74	-12.476 (.000)	93.5%	157.038 (.000)	-12680122.58	-6.183 (.000)	77.8%	38.543 (0.000)
	Time	19319.90	12.531 (.000)			6343.824	6.208 (.000)		

The results of regression analysis indicate that p value of t statistics for both public and private sector banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of Other PSL both in case of public and private sector banks. So **Hypotheses 4***: "There exist no significant long term trends in Other PSL in Indian commercial banks"* is rejected.

The slope coefficient of Other PSL in case of public sector banks is found to be 19319.90. **This indicates that Other PSL of public banks increase by Rs 19319 crores every year in the selected period of 2001 to 2016.** In case of private sector banks slope coefficient was found to be 6343.824 crores, which indicate that on an average the **Other PSL of private sector banks increase per year by Rs. 6343 crores.** Comparing the long term trend of Other PSL in public and private sector banks, it is found that the long term trend is significantly greater in case of public sector banks as compare to private sector banks.

This is due to the fact because in total other PSL 80% is done by public banks and 20% is done by private banks. The results also indicate that 93.58% of the behaviour of other PSL can be explained by the long term trend analysis, however in case of private banks 77.8% of the behaviour of other PSL can be explained by the long term trend.

4.5. GROWTH ANALYSIS OF PSL IN PUBLIC VS PRIVATE BANKS:

The growth rate is estimated with help of Semi Log Model. The Semi Log Model consider as the log of PSL as dependent variable and time in years as independent variable. The semi log model can be mathematically expressed as:

Log (PSL) = α +β (time in years)

Where Log (PSL) is dependent variable, α is intercept, β represent the exponential growth rate of PSL in the selected time period. The result of the regression analysis of semi log model for the study is shown in table 4.9:

Table 4.9. Growth Analysis of PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficient	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Log (PSL)	Intercept	-365.305	35.585 (.000)	99.1%	1358.973 (.000)	-458.831	-16.648 (.000)	96%	291.44 (0.00)
	Time	18.9%	38.864 (.000)			23.4%	17.072 (.000)		

The result of regression analysis indicates that P value of t-statistics was found to be less the 5% level of significance both in case of public and private sector banks. So **Hypothesis 5** *"There exists no significant long term growth rate in PSL in Indian commercial banks"* is rejected.

Thus it can be concluded that there exists a significant exponential growth rate of PSL in both public and private sector banks. **The results indicate that exponential growth rate of PSL in case of public sector banks is found to be 18.9% and however exponential growth rate of PSL in case of private banks is 23.4%. Comparing both the growth rate it can be concluded that the growth rate of PSL was high in case of private sector banks as compare to public sector banks**. The result also indicates that 99.1% of the growth of PSL in public banks can be explained by Semi Log Model. However in case of private sector banks 96% of the growth rate in PSL can be explained by semi log model.

4.6. GROWTH OF AGRICULTURE PSL IN PUBLIC VS PRIVATE BANKS:

The Semi Log Model consider as the log of Agriculture PSL as dependent variable and time in years as independent variable. The semi log model can be mathematically expressed as:

Log Agriculture (PSL) = $\alpha + \beta$ (time in years)

Where Log Agriculture (PSL) is dependent variable, α is intercept, β represents the exponential growth rate of Agriculture PSL in the selected time period. The result of the regression analysis of semi log model for the study is shown in table 4.10:

Table 4.10. Growth Analysis of Agriculture PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regre-ssion Coeffic-ients	t-stat. (p-value)	R^2	F stat. (p value)	Regre-ssion Coeffic-ients	t-stat. (p-value)	R^2	F stat. (p value)
Log (Agri PSL)	Interce pt	-410.375	-26.090 (.000)	98. 5%	721.42 0 (.000)	-532.620	-12.745 (.000)	93.9 %	168.82 0 (0.000)
	Time	21%	26.859 (.000)			27.1%	12.995 (.000)		

The result of regression analysis indicated that P value of t-statistics was found to be less the 5% level of significance both in case of public and private sector banks. So **Hypothesis 6***: "There exists no significant long term growth rate in Agriculture PSL in Indian commercial banks"* is rejected.

Thus it can be concluded that there existed a significant exponential growth rate of Agriculture PSL in both public and private sector banks. **The results indicate that exponential growth rate of Agriculture PSL in case of public sector banks is found to be 21% and however exponential growth rate of Agriculture PSL in case of private banks is 27.1%.** Comparing both the growth rate it can be concluded that the growth rate of Agriculture PSL is high in case of private sector banks as compare to public sector banks. The result also indicates that 98.5% of the growth of Agriculture PSL in public banks can be explained by Semi Log Model. However in

case of private sector banks 93.9% of the growth rate in Agriculture PSL can be explained by semi log model.

4.7. GROWTH OF SSI PSL IN PUBLIC VS PRIVATE BANKS:

The Semi Log Model consider as the log of SSI PSL as dependent variable and time in years as independent variable. The semi log model can be mathematically expressed as: Log SSI (PSL) = α +β (time in years)

The result of the regression analysis of semi log model for the study is shown in table 4.11.:

Table 4.11. Growth Analysis of SSI PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Log (SSI PSL)	Intercept	-421.840	-15.885 (.000)	96.0%	266.598 (.000)	-556.831	-9.398 (.000)	89.3%	91.549 (0.00)
	Time	21.6%	16.328 (.000)			28.2%	9.568 (.000)		

The result of regression analysis indicates that P value of t-statistics is found to be less the 5% level of significance both in case of public and private sector banks. So **Hypothesis 7***: "There exist no significant long term growth rate in SSI PSL in Indian commercial banks"* is rejected.

Thus it can be concluded that there exists a significant exponential growth rate of SSI PSL in both public and private sector banks. **The results indicate that exponential growth rate of SSI PSL in case of public sector banks is found to be 21.6% and however exponential growth rate of SSI PSL in case of private banks is 28.2%.** Comparing both the growth rate it can be concluded that the growth rate of SSI PSL is high in case of private sector banks as compare to public sector banks. The result also indicates that 96% of the growth of SSI PSL in public banks can be explained by Semi Log Model. However in case of private sector banks 89.3% of the growth rate in SSI PSL can be explained by semi log model.

4.8. GROWTH OF OTHER PSL IN PUBLIC VS PRIVATE BANKS:

The Priority Sector Lending (PSL) except in case of agriculture and SSI are considered as other PSL. It may include education, housing and export credit etc. The Semi Log Model consider as the log of Other PSL as dependent variable and time in years as independent variable. The semi log model can be mathematically expressed as:

Log (Other PSL) = $\alpha + \beta$ (time in years)

The result of the regression analysis of semi log model for the study is shown in table 4.12:

Table 4.12. Growth Analysis of Other PSL

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Log (Other PSL)	Intercept	-269.64	-8.205 (.000)	87%	73.405 (.000)	-358.93	5.549 (.000)	74.8 %	32.645 (0.000)
	Time	14.0 %	8.568 (.000)			18.4 %	5.714 (.000)		

The result of regression analysis indicates that P value of t-statistics is found to be less the 5% level of significance both in case of public and private sector banks. So **Hypothesis 8***: "There exists no significant long term growth rate in Other PSL in Indian commercial banks"* is rejected.

Thus it can be concluded that there exists a significant exponential growth rate of Other PSL in both public and private sector banks. **The results indicate that exponential growth rate of Other PSL in case of public sector banks is found to be 14% and however exponential growth rate of Other PSL in case of private banks is 18.4%.** Comparing both the growth rate it can be concluded that the growth rate of other PSL is high in case of private sector banks as compare to public sector banks. The result also indicates that 87% of the growth of Other PSL in public banks

can be explained by Semi Log Model. However in case of private sector banks 74.8% of the growth rate in other PSL can be explained by semi log model.

4.9. TREND ANALYSIS OF PSL TO WEAKER SECTION OF PUBLIC AND PRIVATE BANKS:

RBI also prescribed a sub target of 10 percent to weaker section of society. According to RBI circular RBI/2011-12/107 of Rural Planning & Credit Dept; Weaker section means with small farmers having less than 5 acres lands, labours, tenant farmer, Beneficiaries of Swarnjayanti Gram Swarozgar yojana (SGSY) renamed as National Rural Livelihood Mission (NRLM), SC, ST, self help groups, persons of minority communities etc. Advances to Weaker section should be 10 percent of PSL. It could be merged with other categories of PSL. Lending to weaker section of PSL from 2000 to 2016 is shown below in Table 4.13.

Table 4.13. Weaker PSA of Indian Commercial Banks

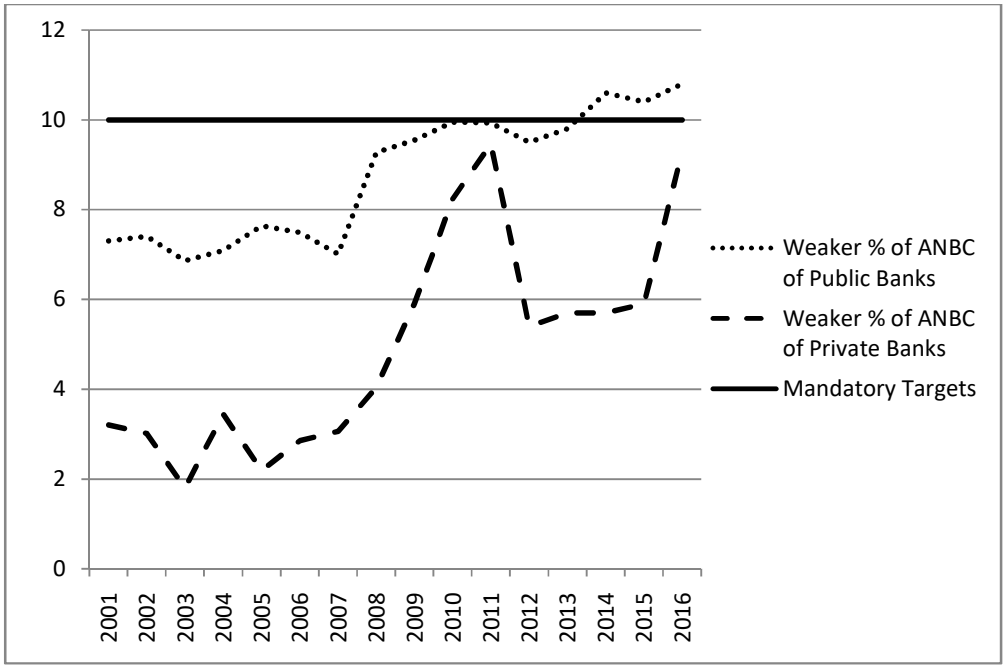
(Amount in Rupees Crores)

Year	Public Sector Banks		Private Sector Banks	
	Weaker PSA Amount	% of ANBC or Credit	Weaker PSA Amount	% of ANBC or Credit
2001	24805	7.30	736	3.20
2002	28975	7.40	665	3.01
2003	32304	6.86	968	1.80
2004	41589	7.09	883	3.44
2005	63492	7.64	1614	2.19
2006	78374	7.49	3501	2.85
2007	94285	7.01	5052	3.06
2008	126928	9.27	7115	4.04
2009	166843	9.55	14191	5.91
2010	212214	9.95	24938	8.24
2011	246316	9.93	28709	9.46

2012	288800	9.50	38900	5.40
2013	347300	9.80	50500	5.70
2014	434000	10.60	60200	5.70
2015	488800	10.40	73700	5.90
2016	547788	10.80	136123	9.30
Average	201426	8.78803	27987.2	4.95011

It is clear from graph 4.13 that earlier to 2013 public banks were not able to fulfil the weaker PSL target but now able to fulfil the mandatory targets. Private Banks are not able to fulfil the weaker section targets in the study period.

Graph 4.3 Weaker PSL Targets Achievement of Public and Private Banks



Framed on the basis of Table 4.13

In the research study trend analysis of Weaker PSL is done with the help of regression analysis mention as: Weaker PSL = α +β (time in years).

The results of trend analysis are shown below in table 4.14:

The results of regression analysis indicates that p value of t statistics for both public and private sector banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of Weaker

PSL both in case of public and private sector banks. The slope coefficient of Weaker PSL in case of public sector banks is found to be 26688.32. **This indicates that Weaker PSL increases by Rs 26688 crores every year in the selected period of 2001 to 2016**. In case of private sector banks slope coefficient is found to be 3855.25 crores, which indicate that on an average the **Weaker PSL of private sector banks increase per year by Rs 3855 crores.** Comparing the long term trend of Weaker PSL in public and private sector banks, it is found that the long term trend is significantly greater in case of public sector banks as compare to private sector banks.

Table 4.14: Trend Analysis of Weaker PSL

DV	IV	Public Banks				Private Banks			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Weaker PSL	Intercept	-53428682.5	-11.27 (.000)	92.1 %	127.78 (.000)	-7723817.49	-6.659 (.000)	80.2 %	44.504 (.000)
	Time	26688.32	11.30 (.000)			3855.25	6.671 (.000)		

The results also indicate that 92.1% of the behaviour of public banks Weaker PSL can be explained by the long term trend analysis, however in case of private banks 80.2% of the behaviour of Weaker PSL can be explained by the long term trend.

4.10. GROWTH ANALYSIS OF PSL TO WEAKER SECTION OF PUBLIC AND PRIVATE BANKS:

The Semi Log Model consider as the log of Weaker PSL as dependent variable and time in years as independent variable. The semi log model can be mathematically expressed as:

Log Weaker (PSL) = $\alpha + \beta$ (time in years)

The result of the regression analysis of semi log model for the study is shown in table 4.15:

Table 4.15: Growth Analysis of Weaker PSL									
DV	IV	Public Banks				Private Banks			
		Regression Coefficient	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Log (Weaker PSL)	Intercept	-460.08	-35.519 (.000)	99.2 %	1325.24 (.000)	-811.396	-19.390 (.000)	97.2 %	383.94 (0.000)
	Time	23.5%	36.404 (.000)			40.9 %	19.594 (.000)		

The result of regression analysis indicates that P value of t-statistics is found to be less the 5% level of significance both in case of public and private sector banks. Thus it can be concluded that there exists a significant exponential growth rate of Weaker PSL in both public and private sector banks. **The results indicate that exponential growth rate of Weaker PSL in case of public sector banks is found to be 23.5% and however exponential growth rate of Weaker PSL in case of private banks is 40.9 %.** Comparing both the growth rate it can be concluded that the growth rate of Weaker PSL is high in case of private sector banks as compare to public sector banks. The result also indicates that 99.2 % of the growth of Weaker PSL in public banks can be explained by Semi Log Model. However in case of private sector banks 97.2 % of the growth rate in Weaker PSL can be explained by semi log model.

4.11. TREND ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN DELHI

Study area of the research is Delhi/NCR. Delhi/NCR includes districts of Delhi, few districts of Haryana, and some districts of Uttar Pradesh as mentioned in Table3.1. Trend analysis of PSL of commercial banks is done for whole India. Trend analysis of Delhi, Haryana and Uttar Pradesh is also done separately. Table 4.16 represents the agriculture, SSI and other PSL of Indian commercial banks in Delhi.

Table: 4.16. PSL of Indian Commercial Banks in Delhi (Amount in Rupees Crores)				
Year	Agriculture	SSI	Other PSL	Total PSL
2000	1704	4437	4523	10664
2001	2951	4509	6941	14401
2002	2799	5044	7932	15775
2003	3982	741	16154	20877
2004	3811	5233	11518	20562
2005	7876	6825	17310	32011
2006	16404	7619	21470	45493
2007	19960	9186	28264	57410
2008	20641	14454	22096	57191
2009	24854	21468	23404	69726
2010	30813	27926	19516	78255
2011	25669	37051	20713	83433
2012	16152	42159	22821	81132
2013	10182	48150	25210.2	83543
2014	15881	61624	31456	108961
2015	13609	67012	29691	110312
2016	18170	77370	31577	127117

Source:https://rbi.org.in/scripts/PublicationsView.aspx,

https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88-99]

Trend analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL of Indian commercial banks in Delhi is shown below in table 4.17.

Table 4.17. Trend analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in Delhi					
DV	IV	Regression Coefficient	t-stat. (p-value)	R^2	F stat. (p value)
Agri PSA	Intercept	-2440086.4	-3.013 (0.00)	39.60%	9.17981 (0.00)
	Time	1222.25	3.03 (0.00)		

SSI PSA	Intercept	-8547816.3	-9.126	85.70%	83.72
			(0.00)		(0.00)
	Time	4269.2559	9.15		
			(0.00)		
Other PSA	Intercept	-2995795.4	-6.9	77.50%	48.232
			(0.00)		(0.00)
	Time	1501.9224	6.945		
			(0.00)		
Total PSA	Intercept	-13983724	-20.825	96.90%	437.151
			(0.00)		(0.00)
	Time	6993.4412	20.908		
			(0.00)		

The results of regression analysis indicates that p value of t statistics for banks is found to be less the 5% level of significance hence with 95% confidence level the long term trend can be accepted in the behaviour of Agriculture, SSI, Other PSL and Total PSL in case of banks. The slope coefficient of PSL in case of Agriculture, SSI, Other PSL and PSL is found to be 1222.25, 4269.25, 1501.92 and 6993.44. **This indicates that Agriculture, SSI, Other PSL and Total PSL increase by Rs 1222.25, Rs 4269.25, Rs 1501.92 and Rs.6993.44 crores respectively in Delhi every year in the selected period of 2001 to 2016.** The results also indicate that 39.6%, 85.7%, 77.5% and 96.9% of the behaviour Agriculture, SSI, Other PSL and Total PSL can be explained by the long term trend analysis. In Delhi Agriculture land is shrinking day by day so long term trend in Agriculture is comparatively less than PSL, SSI PSL and Other PSL.

Agriculture land is shrinking in Delhi due to various reasons. According to Agricultural Census 2010-11 there is 18.5% decrease in the operations holding of agriculture land. In Delhi/NCR in last decade Metro project has extended a lot. Due to this Government acquired a lot of land. It was observed that in nine locations, total land acquired was 6.42 lakh square meter [104]. In last decade in Delhi/NCR many new universities has opened. In last decade in Delhi/NCR many new universities has opened. These universities have used many acres of agriculture land for their

extension. Land Fragmentation is also a major reason of reduction in agriculture land. In Delhi/NCR density of population is very high due to this land is dividing in to small pieces of land. For example a person has 4 acres land, and has 4 sons. After his death his land is being divided among his 4 sons. Each one will get 1 acre of land. If every son is also having 4 sons then every grandson will have ¼ acre of land. So land is being divided into small pieces of land or it is being fragmented. Land fragmentation is not good for using the land for agriculture purpose. Due to industrial development labour is also shifting from agriculture sector to industrial sector. According to Union Budget 2014 share of employment in agriculture sector have reduced from 59.9 percent to 48.9 percent. In last decade many industries has been opened in this area, due to which agriculture land is shrinking. Due to increase in price of land, farmer has become a rich person now. Despite of using land for agriculture purpose farmer found it more profitable to use it for commercial purpose like making house or plots for residential purpose or use it for commercial purpose.

4.12. TREND ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN HARYANA:

Table 4.18 represents the agriculture, SSI and other PSL of Indian commercial banks in Haryana.

Table: 4.18. PSL of Indian Commercial Banks in Haryana

(Amount in Rupees Crores)

Year	Agriculture	SSI	Other PSL	Total PSL
2000	1585	1800	949	4334
2001	1924	1989	1006	4919
2002	2274	2095	2379	6748
2003	2831	383	3723	6937
2004	3483	2360	2504	8347
2005	4741	2845	4500	12086
2006	6454	3691	5498	15643
2007	8818	4632	5975	19425
2008	12359	6322	6196	24877

2009	16134	7067	6481	29682
2010	19149	10937	5380	35466
2011	21317	14288	5863	41468
2012	25007	16853	7486	49346
2013	24408	23228	7894	55530
2014	31977	30990	8359	71326
2015	37569	34957	8912	81439
2016	47423	39035	8806	95264

Source:https://rbi.org.in/scripts/PublicationsView.
https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88-99]

Trend analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL of Indian commercial banks in Haryana is shown below in table 4.19.

Table: 4.19 Trend Analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in Haryana

DV	IV	Regression Coefficients	t-stat. (p-value)	R2	F stat. (p-value)
Agri PSL	Intercept	-5254539.08	-11.95 (.00)	89.9%	143.76 (.00)
	Time	2624.64	11.99 (.00)		
SSI PSL	Intercept	-4542839.471	-8.171 (.00)	81.7%	67.116 (.00)
	Time	2268.33	8.192 (.00)		
Other PSL	Intercept	-975068.373	-12.956 (.00)	91.9 %	169.731 (.00)
	Time	488.284	13.028 (.00)		
Total PSL	Intercept	-10772481.314	--11.569 (.00)	90.0%	134.673 (.00)
	Time	5381.270	11.605 (.00)		

It is clear from table 4.19 that Agriculture PSL, SSI PSL, Other PSL in Haryana increased by 2624, 2268, 488 Rs. crores per year. Total PSL increase is 5381 crores per year.

4.13. TREND ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN UTTAR PRADESH:

Table 4.20 represents the agriculture, SSI and other PSL of Indian commercial banks in Uttar Pradesh.

Table: 4.20. PSL of Indian Commercial Banks in Haryana
(Amount in Rupees Crores)

Year	Agriculture	SSI	Other PSL	Total PSL
2000	4048	3982	5857	13887
2001	4751	3953	4353	13057
2002	6814	4236	5050	16100
2003	6939	1351	9697	17987
2004	8572	4743	8822	22137
2005	11420	5430	10086	26936
2006	17238	6668	14204	38110
2007	22759	7906	16862	47527
2008	26661	12661	16738	56060
2009	30971	13467	18197	62635
2010	37280	24110	13876	75266
2011	43477	27418	14051	84946
2012	51526	33323	15546	100395
2013	50411	40355	14919	105686
2014	64656	48873	20469	133998
2015	71057	52827	19575	143459
2016	86241	63946	24087	174274

Source: https://rbi.org.in/scripts/PublicationsView.
https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4 [88-99]

Trend analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL of Indian commercial banks in Delhi is shown below in table 4.21.

Table: 4.21 Trend Analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in UP					
DV	IV	Regression coefficients	t-stat. (p-value)	R2	F stat.(p-value)
Agri PSL	Intercept	-9822807.216	-14.698 (.00)	93.5%	217.43 (.00)
	Time	4907.797	14.746 (.00)		
SSI PSL	Intercept	-7388037.33	-9.520 (.00)	85.9%	91.150 (.00)
	Time	3689.08	9.547 (.00)		
Other PSL	Intercept	-2006574.922	-7.956 (.00)	81.1%	64.161 (.00)
	Time	1006.098	8.010 (.00)		
Total PSL	Intercept	-19217444.02	-13.887 (.00)	92.8%	194.179 (.00)
	Time	9603.62	13.935 (.00)		

It is clear from table 4.21 that Agriculture PSL, SSI PSL, Other PSL and Total PSL increased by 4907, 3689, 1006 and 9603 Rs. crores every year in UP.

4.14. GROWTH ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN DELHI:

Growth Analysis is done with the help of Semi Log Model. The result of growth analysis in Delhi is shown below in table 4.22:

Table 4.22. Growth analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in Delhi					
DV	IV	Regression Coefficient	t-stat. (p-value)	R^2	F stat. (p value)
Log (Agri PSL)	Intercept	-289.88	-4.328 (.00)	58.70%	19.935 (.00)
	Time	14.90%	4.465 (.00)		
Log (SSI PSL)	Intercept	-463.527	-7.679 (.00)	81.40%	61.39 (.00)
	Time	23.60%	7.835 (.00)		
Log (Other PSL)	Intercept	-192.24	-5.747 (.00)	72.30%	36.459 (.00)
	Time	10.10%	6.038 (.00)		

	Intercept	-306.552	-13.609 (.00)		198.346
Log (PSL)	Time	15.80%	14.084 (.00)	93.40%	(.00)

It is clear from table 4.22 that Agriculture PSL increased by 14.90 percent, SSI PSL increased by 23.6 percent and Other PSL increase by 10.10 percent, whereas increase in Total PSL is 15.8 percent.

4.15. GROWTH ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN HARYANA:

Growth in different categories of PSL in Haryana is shown below in Table 4.23.

Table 4.23 Growth analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in Haryana

DV	IV	Regression coefficients	t-stat. (p-value)	R2	F stat. (p-value)
Log Agri PSL	Intercept	-432.770	-26.170 (.00)		714.186
	Time	22%	226.724 (.00)	97.8%	(.00)
Log SSI PSL	Intercept	-467.015	-9.747 (.00)		98.596
	Time	23.7%	9.930 (.00)	86.8%	(.00)
Log Other PSL	Intercept	-235.698	-6.934 (.00)		5051.57
	Time	12.2 %	7.181 (.00)	77.5%	(.00)
Log Total PSL	Intercept	-392.525	-42.052 (.00)		1859.436
	Time	20 %	43.121 (.00)	99.1%	(.00)

It is clear from table 4.23 that Agriculture PSL increase by 22 percent, SSI PSL increase by 23.7 percent and Other PSL increase by 12.2 percent in Haryana. Increase in Total PSL is 20 percent in Haryana.

4.16. GROWTH ANALYSIS OF PSL, AGRICULTURE, SSI AND OTHER PSL IN UTTAR PRADESH:

Growth in different categories of PSL in UP is shown below in Table 4.24:

Table 4.24 Growth analysis of PSL, Agriculture PSL, and SSI PSL and Other PSL in UP					
DV	IV	Regression coefficients	t-stat. (p-value)	R2	F stat. (p-value)
Log Agri PSL	Intercept	-383.05	-24.442 (.00)	97.5%	628.942 (.00)
	Time	19.6%	25.079 (.00)		
Log SSI PSL	Intercept	-422.58	-11.381 (.00)	89.4%	135.368 (.00)
	Time	21.5%	11.635 (.00)		
Log Other PSL	Intercept	-166.169	-6.719 (.00)	77.1%	50.413 (.00)
	Time	8.7 %	7.100 (.00)		
Log Total PSL	Intercept	-322.308	-31.533 (.00)	98.6%	1059.968 (.00)
	Time	17.1 %	32.557 (.00)		

It is clear from table 4.24 that Agriculture PSL increase by 19.6 percent, SSI PSL increase by 21.5 percent and other PSL increase by 8.7 percent in UP. Total PSL increase is 17.1 percent in UP.

4.17. BANK WISE TREND ANALYSIS OF PSL, AGRICULTURE PSL AND WEAKER PSL OF INDIAN COMMERCIAL BANKS:

In the research study effort is done to know the trend analysis of all Indian commercial banks in the study period. Per year increase in Rs. Crores in PSL, Agriculture PSL and Weaker PSL of every Indian commercial bank is shown below in the table 4.25:

Table 4.25. Trend Analysis of PSL, Agriculture PSL and Weaker PSL of Indian Commercial Banks				
Sr. No.	Bank Name	Regression Coefficients PSL	Regression Coefficients Agri.PSL	Regression Coefficients Weaker PSL
1	Allahabad Bank	2573.654	1200.335	685.38

2	Andhra Bank	1888.153	903.273	616.76
3	Axis Bank Ltd.	3720.024	1382.475	576.93
4	Bank of Baroda	4830.36	2207.474	1150.85
5	Bank of India	5098.366	1881.946	1539.1
6	Bank of Maharashtra	1306.313	596.525	200.72
7	Canara Bank	4396.649	1864.979	1128.28
8	Catholic Syrian Bank Ltd.	153.681	84.387	63.54
9	Central Bank of India	3245.032	1726.247	1009.3
10	City Union Bank Ltd.	271.843	82.538	42.29
11	Corporation Bank	1878.306	516.784	372.97
12	Dena Bank	1106.664	468.719	227.38
13	Development Credit Bank Ltd.	116.134	86.455	34.15
14	Dhanalakshmi Bank Ltd.	186.468	80.176	64.19
15	Federal Bank Ltd.	1151.81	327.09	126.51
16	HDFC Bank Ltd.	5313.701	2031.651	305.01
17	ICICI Bank Ltd.	7512.017	3079.411	439.51
18	IDBI Bank Ltd.	6780.182	3016.456	874.09
18	Indian Bank	2219.942	960.802	540.21
20	Indian Overseas Bank	2833.437	1376.148	689.31
21	IndusInd Bank Ltd.	800.707	329.411	240.64

22	ING Vysya Bank Ltd.	725.122	226.903	37.3
23	Jammu & Kashmir Bank Ltd.	893.513	252.24	274.47
24	Karnataka Bank Ltd.	508.392	147.584	24.23
25	Karur Vysya Bank Ltd.	486.241	200.145	111.67
26	Kotak Mahindra Bank Ltd.	1164.94	528.118	265.51
27	Lakshmi Vilas Bank Ltd.	157.827	103.733	57.47
28	Nainital Bank Ltd.	49.568	19.404	7.9
29	Oriental Bank of Commerce	2818.426	1086.614	488.42
30	Punjab & Sind Bank	993.612	467.192	249.05
31	Punjab National Bank	5871.808	3028.579	1591.07
32	Ratnakar Bank Ltd.	35.946	14.588	5.93
33	SBI Commercial & International Bank Ltd.	5.601	-2.915	1.45
34	South Indian Bank Ltd.	549.401	314.031	225.69
35	State Bank of Bikaner & Jaipur	1018.351	649.981	534.27
36	State Bank of Hyderabad	2140.262	883.705	416.41

37	State Bank of India	19708.08	8405.552	5532.67
38	State Bank of Indore	1042.258	392.631	255.41
39	State Bank of Mysore	1019.758	453.762	326.43
40	State Bank of Patiala	1710.037	646.049	410.8
41	State Bank of Saurashtra	509.299	225.356	78.93
42	State Bank of Travancore	1563.949	432.539	378.88
43	Syndicate Bank	3388.346	1406.468	787.34
44	Tamilnad Mercantile Bank Ltd.	351.105	152.946	82.65
45	UCO Bank	2717.376	1279.969	726.17
46	Union Bank of India	4222.523	1791.685	997.89
47	United Bank of India	1531.442	479.755	435.86
48	Vijaya Bank	1462.526	500.523	362.12
49	Yes Bank	1470.442	1010.634	685.38

It is clear from the table 4.25 that all public and private banks have significant increase in PSL, Agriculture PSL and Weaker PSL in the study period. State Bank of India has the largest trend of PSL, Agriculture PSL and Weaker PSL of Rs.19708 crores, 8405 cores and 5532.67 crores respectively, While ICICI bank had the largest trend of PSL, Agriculture PSL and Weaker PSL of Rs.7512 crores, 3079 cores and 439 crores respectively. So it can be stated that State Bank of India has the largest share of business and ICICI bank has the largest share of business in the study period.

4.18. BANK WISE GROWTH ANALYSIS OF PSL, AGRICULTURE PSL AND WEAKER PSL OF INDIAN COMMERCIAL BANKS:

Growth of Indian commercial banks in PSL, Agriculture PSL and Weaker PSL is calculated with the help of semi log model. Table 4.26 represents the growth percentage in PSL, agriculture PSL and Weaker PSL of every Indian commercial banks.

Table 4.26. Growth Analysis of PSL, Agriculture PSL and Weaker PSL of Indian Commercial Banks

Sr. No.	Bank Name	Regression Coefficients Log PSL	Regression Coefficients Log Agri PSL	Regression Coefficients Log Weaker PSL
1	Allahabad Bank	20%	23%	26%
2	Andhra Bank	21%	23%	23%
3	Axis Bank Ltd.	41%	50%	82%
4	Bank of Baroda	21%	23%	24%
5	Bank of India	20%	21%	28%
6	Bank of Maharashtra	19%	23%	20%
7	Canara Bank	15%	16%	18%
8	Catholic Syrian Bank Ltd.	16%	28%	55%
9	Central Bank of India	17%	21%	26%
10	City Union Bank Ltd.	24%	27%	37%
11	Corporation Bank	21%	22%	35%
12	Dena Bank	16%	17%	26%
13	Development Credit Bank Ltd.	13%	24%	66%
14	Dhanalakshmi Bank Ltd.	27%	30%	42%
15	Federal Bank Ltd.	26%	27%	31%

16	HDFC Bank Ltd.	36%	35%	67%
17	ICICI Bank Ltd.	37%	42%	58%
18	IDBI Bank Ltd.	36%	58%	81%
18	Indian Bank	21%	22%	22%
20	Indian Overseas Bank	21%	23%	21%
21	IndusInd Bank Ltd.	24%	25%	162%
22	ING Vysya Bank Ltd.	17%	19%	13%
23	Jammu & Kashmir Bank Ltd.	26%	35%	42%
24	Karnataka Bank Ltd.	17%	18%	11%
25	Karur Vysya Bank Ltd.	30%	34%	36%
26	Kotak Mahindra Bank Ltd.	33%	44%	35%
27	Lakshmi Vilas Bank Ltd.	12%	26%	24%
28	Nainital Bank Ltd.	18%	20%	22%
29	Oriental Bank of Commerce	20%	21%	27%
30	Punjab & Sind Bank	18%	20%	25%
31	Punjab National Bank	18%	22%	20%
32	Ratnakar Bank Ltd.	18%	19%	25%
33	SBI Commercial & International Bank Ltd.	6%	-3%	18%
34	South Indian Bank Ltd.	26%	37%	43%

35	State Bank of Bikaner & Jaipur	20%	23%	29%
36	State Bank of Hyderabad	22%	23%	24%
37	State Bank of India	20%	21%	25%
38	State Bank of Indore	22%	22%	28%
39	State Bank of Mysore	21%	24%	23%
40	State Bank of Patiala	21%	19%	19%
41	State Bank of Saurashtra	18%	18%	21%
42	State Bank of Travancore	22%	22%	26%
43	Syndicate Bank	23%	24%	24%
44	Tamilnad Mercantile Bank Ltd.	19%	28%	38%
45	UCO Bank	22%	26%	31%
46	Union Bank of India	20%	23%	26%
47	United Bank of India	22%	20%	28%
48	Vijaya Bank	22%	21%	26%
49	Yes Bank	69%	45%	

Table 4.26 represents that all public private banks has a significant growth rate in PSL, Agriculture PSL and Other PSL in the study period. Growth rate is highest of Yes Bank (69%) in case of PSL, Growth rate is highest of IDBI Bank in case of Agriculture PSL (58%) and Growth rate is highest of Induslnd Bank in case of Weaker PSL (162%).

This can be concluded that on average both public and private banks are able to fulfill the total PSL targets in the study period but not able to achieve sub targets of PSL as shown in Table 4.27.

Table 4.27: Average Target Achievement of PSL and its types

PSL and Its Types	Prescribed Targets	Average of PSL of Public Banks	Target Achieved	Average of PSL of Private Banks	Target Achieved
Total PSL	40%	41%	Yes	43%	Yes
Agriculture PSL	18%	16%	No	14%	No
Weaker PSL	10%	8%	NO	4.95%	NO

Trend and Growth analysis stated that there is significant trend and growth in Total PSL, Agriculture PSL, SSI PSL and Other PSL in the study period. Trend of public banks is more than private banks in PSL and its types, but growth of private banks is more than private banks. So it can be stated that today the business of public banks is more than private banks but private banks are growing faster than public banks.

CHAPTER - V

ANALYSIS OF EFFECT OF PRIORITY SECTOR LENDING ON NON PERFORMING ASSETS

It has been found in the literature review that due to PSL, NPA of banks increase. In this chapter impact of PSL and its different types is analyzed on NPA's of banks. Impact of Non Priority Sector Lending (Non PSL, Lending other than PSL) on NPA is also analyzed. Comparison of impact of PSL and Non PSL on NPA is being done. Comparison among different categories of PSL is also being done. In this chapter Impact of PSL on NPA, Impact of Agriculture PSL on NPA, Impact of SSI PSL on NPA, Impact of Other PSL on NPA and Impact of Non PSL on NPA is being analyzed.

For studying this impact the following models have been used:

- ✓ Pooled Regression Model: Firstly the relationship is found with the help of pooled regression model. Pooled Regression Model tells the pooled effect of PSL on NPA of both public and private sector banks.
- ✓ Panel regression model: After applying the pooled regression model the panel regression model is applied to know whether the fixed intercept of public and private banks is same or not. For this, F test (Fixed effect) and Hausman test (Random effect) is applied.
- ✓ Two way fixed effect model: Panel regression model has given different intercepts for public banks and private banks. so after applying the panel regression model the two way fixed effect model is applied to know whether the sensitivity coefficient (β) is also different or not.

Following hypothesis have been tested in this chapter:

H 9: *"There exists no significant impact of PSL on NPA in Indian commercial banks"*

H 10: *"There exists no significant difference in impact of PSL on NPA of public and private banks"*

H 11: *"There exists no significant impact of Agriculture PSL on NPA in Indian commercial banks"*

H 12: *"There exists no significant difference in impact of Agriculture PSL on NPA of public and private banks"*

H 13: *"There exists no significant impact of SSI PSL on NPA in Indian commercial banks"*

H 14: *"There exists no significant difference in impact of SSI PSL on NPA of public and private banks"*

H 15: *"There exists no significant impact of Other PSL on NPA in Indian commercial banks"*

H 16: *"There exists no significant difference in impact of Other PSL on NPA of public and private banks"*

H 17: *"There exists no significant impact of Non PSL on NPA."*

5.1 IMPACT OF PSL ON NPA:

In the study the effort is done in order to analyse the impact of Priority Sector Lending of public and private banks on their total net performance basis.

Table 5.1 shows the PSL and NPAs of public and private banks.

Table 5.1. NPA and PSL of Public and Private Banks

(Amount in Rupees Crores)

Year	NPA of Public Banks (1)	NPA of Private Banks (2)	Total NPA (1+2)	PSL of Public Banks (3)	PSL of Private Banks (4)	Total PSL (3+4)
2001	53184	641000	694184	149116	21550	170666
2002	56514	11667	68181	171185	25709	196894
2003	52790	11866	64656	203095	36705	239800
2004	50141	10352	60493	244456	48920	293376
2005	47693	8800	56493	307046	69886	376932
2006	41380	7829	49209	409748	106586	516334
2007	38590	9239	47829	521376	144549	665925
2008	39750	12976	52726	610450	164068	774518
2009	43908	16887	60795	724150	187849	911999
2010	57448	17384	74832	863777	214669	1078446
2011	71015	17971	88986	1028615	248828	1277443
2012	112500	18300	130800	1130700	286400	1417100
2013	155900	20000	175900	1283600	327400	1611000

The pooled regression model is applied considering NPA as dependent variable and PSL as independent variable. The pooled regression model can be mathematically expressed as:

$$NPA = \alpha + \beta.PSL + E$$

The result of pooled regression model is shown below in table 5.2:

Table 5.2. Pooled Impact of PSL on NPA

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Total NPA	Intercept	7976.258	1.489 (.149)	71.96%	60.795 (.000)
	PSL	0.082	7.797 (.000)		

The result indicates the p value of t statistics (.000) is found to be less than 5% level of significance hence with 95% confidence level. So **Hypothesis 9***: "There exists no significant impact of PSL on NPA in Indian commercial banks"* cannot be accepted. Thus it can be concluded that PSL of banks have significant impact on the NPA of banks. The regression equation can be written as:

NPA=7976.258 +0.082PSL

The regression model indicates that slope coefficient of PSL is found to be 0.082 which is positive and found significant. Hence it can be concluded that there exist significant positive impact of PSL on NPA. The result of regression model indicates that if banks offer 100 rupee of PSL there NPA increase by 8.2 rupee. The F statistics of the regression model is found to be 60.79 with p value of (.000) which indicates that the pooled regression model is statistically fit. The R^2 is 71.96% which indicates that approximately 72% of variance in the behaviour of NPA can be explained with the help of regression model.

After applying the pooled regression model the panel regression model is applied to decide fixed effect versus random effect model. The F test as well as Hausman test is applied. The F test indicates that whether fixed effect is significant or not. If p value of F Statistics is found to be less than 5% level of significance it indicates that the

presence of size effect of banks in analysing the impact of PSL on NPA. In other words fixed effect model is better than pooled regression model, similarly Hausman test is used to test whether the effects are random or not. Hausman statistics test the null hypothesis that the effects are random. If P value of Hausman test is found to be more than 5% level of significance random effect model is applied.

The result of F test and Hausman test shown below in table 5.3:

Table 5.3 F test and Hausman Test of PSA		
	F test	Hausman test
	F test (p value)	Cross Section random (p value)
Cross Section Effect	7.020 (0.014)	7.020 (0.008)
Time effect	1.33 (.312)	5.03 (0.024)

The results as shown above in table 5.3. indicates that the P value of F statistics is significant (less than 5 percent level of significance) hence fixed effect model is statistically better than Pooled Regression model. The Hausman test indicates that the effects are not random since the P value of Hausman test is found to be less than 5% level of significance. In other words it can be concluded that the impact of PSL on NPA in case of public and private banks are different hence Cross Section Fixed Effect Model should be applied in order to have better understanding of effect of PSL on NPA.

5.1.1. Cross Section Fixed Effect Model of PSL:

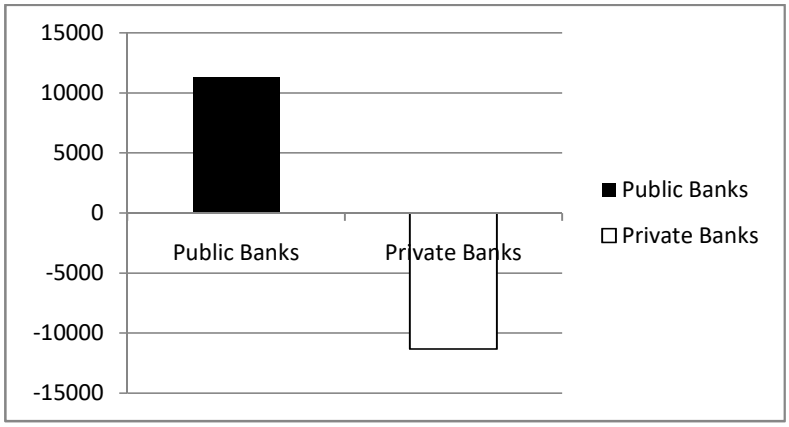
After analysing the pooled regression model as well as F test the Cross Section Fixed Effect Model is applied on the data, here the public banks and private banks are considered as cross sections individuals and the time period is from 2000 to 2013. The Cross Section Fixed Effect Model can be mathematically explained as:

$$NPA\ it = \alpha + \beta\ PSL\ it$$

Where i, represents public and private banks and t present time period (2001 to 2013). The result of Cross Section Fixed Effect Model represent that the PSL is having a significant effect on NPA of both the banks, but private sector banks are found to be more efficient in managing NPA as a result of PSL as compare to Public banks. So

Hypothesis 10: *"There exists no significant difference in impact of PSL on NPA of public and private banks"* cannot be accepted. The fixed effect of Public sector banks is 11314.27, which is positive and in case of private banks the fixed effect is -11314.27. This represent that public sector banks are less efficient as compare to private banks as shown in graph 5.1.

Graph 5.1.Cross Section Fixed Effect of PSL



5.1.2. Two Way Fixed Effect Panel Regression of PSL:

In previous regression fixed effect model, it was assumed that intercept is different for public and private banks in analyzing the impact of PSL on NPA. It may be possible not only intercept but also sensitivity of NPA to PSL is also different for public and private banks. The following fixed effect model where intercept as well as slope coefficient for both public and private banks may be different is applied.

$$NPA = \alpha + \beta_1 Dprivate + \beta 2\ PSL + \beta 3\ Dprivate.PSL$$

The results of fixed effect using equation are shown below in table 5.4.:

Table 5.4. Two way fixed effect of PSL

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	27710.06	2.89 (0.008)	78.5	26.89 (.000)
	Dummy Private	-18152.12	-1.48 (0.152)		
	PSL	0.0636	4.987 (.000)		
	Dpr*PSL	-0.025	-0.518 (.609)		

The results indicate that α is found to be positive. In this regression model as public sector banks are assumed to be reference hence the NPA in case of no PSL is positive. In addition to this the slope coefficient of dummy private is found to be negative, which indicates low level of NPA in case of private banks as compare to public banks. The slope coefficient is (0.0636) represents the impact of PSL on NPA in case of public sector banks, which represents that increase in the PSL of 100 Rs would lead to 6.36 Rs increase in NPA. However the slope coefficient of interaction dummy (dummy of private* PSL) is found to be -0.025 which represents that in case of private banks the net increase of NPA is Rs. 2.5 less than as result of 100 Rs. increase in PSL as compare to public sector banks. In absolute terms in case of private banks as a result of 100 Rs. increases in PSL the net increase in NPA is equal to (6.36-2.56) 3.8. Finally it can be concluded that private sector banks are more efficient in managing NPA in relation with PSL.

5.1.3. Causality of NPA on PSL:

It may be possible that here exist lead leg relationship between PSL and NPA. In other words the NPA of banks in a particular year can be effect by PSL. In order to analyze the causal relationship between NPA and PSL of both public and private bank the Block Exogeneity Granger Causality test is applied. The results of Granger Causality test is shown below in table 5.5.:

Table 5.5. Causality of NPA on PSL

Dependent variable: TOTAL NPA			
Excluded	Chi-square	Df	Prob.
PSL	16.38769	2	0.0003
All	16.38769	2	0.0003
Dependent variable: PSL			
Excluded	Chi-square	Df	Prob.
TOTAL NPA	1.974999	2	0.3725
All	1.974999	2	0.3725

The result of Granger Causality test indicates that there exists significant causality in the direction of PSL to NPA for both public and private banks. However the total NPA of banks do not have impact of PSL of subsequent years.

5.2. IMPACT OF AGRICULTURE PSL LENDING ON NPA:

In the study the effort is done in order to analyse the impact of Agriculture Priority Sector Lending of public and private banks on their total net performance basis. Table 5.6 shows the Agriculture PSL and NPAs of public and private banks.

Table 5.6. NPA and Agriculture PSL of Public and Private Banks

Year	NPA of Public Banks (1)	NPA of Private Banks (2)	Total NPA (1+2)	Agri PSL of Public Banks (3)	Agri PSL of Private Banks (4)	Total Agri PSL (3+4)
2001	53184	641000	694184	53571	5634	59205
2002	56514	11667	68181	58142	6381	64523
2003	52790	11866	64656	70501	9924	80425
2004	50141	10352	60493	84435	14730	99165
2005	47693	8800	56493	109917	21633	131550
2006	41380	7829	49209	154900	36185	191085
2007	38590	9239	47829	202614	52034	254648
2008	39750	12976	52726	248685	57702	306387
2009	43908	16887	60795	298211	76062	374273
2010	57448	17384	74832	372463	90737	463200
2011	71015	17971	88986	414991	92136	507127
2012	112500	18300	130800	478600	104200	582800
2013	155900	20000	175900	530600	111900	642500

The pooled regression model is applied considering NPA as dependent variable and Agriculture PSL as independent variable. The pooled regression model can be mathematically expressed as:

$$NPA = \alpha + \beta . Agri\ PSL + E$$

The result of pooled regression model is shown below in table 5.7:

Table 5.7 Pooled Impact of Agriculture PSL on NPA					
Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
Total NPA	Intercept	10038.69	1.920 (.066)	71.14%	59.179(.000)
	Agri PSL	0.193	7.692 (.000)		

The result indicates the p value of t statistics (.000) is found to be less than 5% level of significance hence with 95% confidence level. So **Hypothesis 11***: "There exists no significant impact of Agriculture PSL on NPA in Indian commercial banks"* cannot be accepted. Thus it can be concluded that Agriculture PSL of banks has significant impact on the NPA of banks. The regression equation can be written as:

NPA=10038.69 +0.193 Agri PSL

The regression model indicates that slope coefficient of Agriculture PSL is found to be 0.193 which is positive and found significant. Hence it can be concluded that there exist significant positive impact of Agriculture PSL on NPA. The result of regression model indicates that if banks offer 100 rupee of Agriculture PSL there NPA increase by 19.3 rupee. The F statistics of the regression model is found to be 59.179 with p value of (.000) which indicates that the pooled regression model is statistically fit. The R^2 is 71.14% which indicates that approximately 71% of variance in the behaviour of NPA can be explained with the help of regression model.

After applying the pooled regression model the panel regression model is applied to decide fixed effect versus random effect model. The result of F test and Hausman test shown below table 5.8:

Table 5.8 F test and Hausman Test of Agriculture PSA		
	F test	Hausman test
	F test (p value)	*Cross Section random (p value)*
Cross Section Effect	7.577 (0.011)	7.577 (0.005)
Time effect	1.323 (0.317)	4.679 (0.030)

The results as shown above in table 5.8 indicate that the P value of F statistics is significant (less than 5 percent level of significance) hence fixed effect model is statistically better than Pooled Regression model. The Hausman test indicates that the effects are not random since the P value of Hausman test is found to be less than 5% level of significance. In other words it can be concluded that the impact of Agriculture PSL on NPA in case of public and private banks are different hence Cross Section Fixed Effect Model should be applied in order to have better understanding of effect of Agriculture PSL on NPA.

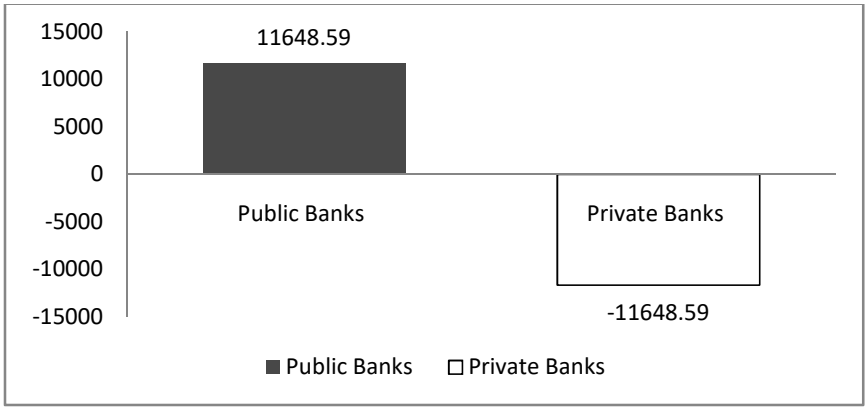
5.2.1 Cross Section Fixed Effect Model of Agriculture PSA:

After analyzing the pooled regression model as well as F test the Cross Section Fixed Effect Model is applied on the data, here the public banks and private banks are considered as cross sections individuals and the time period is from 2000 to 2013. The Cross Section Fixed Effect Model can be mathematically explained as:

$$NPA\ it = \alpha + \beta\ Agri\ PSL\ it$$

Where i, present public and private banks and t present time period (2001 to 2013). The result of Cross Section Fixed Effect Model represent that the Agriculture PSL is having a significant effect on NPA of both the banks, but private sector banks are found to be more efficient in managing NPA as a result of Agriculture PSL as compare to Public banks. So Hypothesis **12***: "There exists no significant difference in impact of Agriculture PSL on NPA of public and private banks"* can not be accepted. The fixed effect of Public sector banks is 11648.59, which is positive and in case of private banks the fixed effect is -11648.59. This represent that public sector banks are less efficient as compare to private banks as shown in graph 5.2.

Graph 5.2 Cross Section Fixed Effect of Agriculture PSL



5.2.2 Two Way Fixed Effect Panel Regression of Agriculture PSL:

In previous regression fixed effect model, it was assumed that intercept is different for public and private banks in analyzing the impact of Agriculture PSL on NPA. It may be possible not only intercept but also sensitivity of NPA to Agriculture PSL is also different for public and private banks. The following fixed effect model where intercept as well as slope coefficient for both public and private banks may be different is applied.

$$NPA = \alpha + \beta_1 Dprivate + \beta 2\ Agri\ PSL + \beta 3\ Dprivate.Agri\ PSL$$

The results of fixed effect using equation are shown below in table 5.9:

Table 5.9. Two Way Fixed Effect Panel Regression of Agriculture PSL

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	28177.46	3.30(0.003)	78.4	26.63 (.000)
	Dummy Private	-20314.47	-1.72(0.097)		
	Agri PSL	0.1471	4.948 (.000)		
	Dpr*Agri PSL	-0.0447	-0.341(.735)		

The results indicate that α is found to be positive. In this regression model as public sector banks are assumed to be reference hence the NPA in case of no Agriculture PSL is positive. In addition to this the slope coefficient of dummy private is found to be negative, which indicates low level of NPA in case of private banks as compare to public banks. The slope coefficient is (0.1471) represents the impact of Agriculture PSL on NPA in case of public sector banks, which represents that increase in the Agriculture PSL of 100 Rs would lead to 14.71 Rs increase in NPA. However the slope coefficient of interaction dummy (dummy of private* Agriculture PSL) is found to be -0.0447 which represents that in case of private banks the net increase of NPA is Rs. 4.47 less than as result of 100 Rs. increase in Agriculture PSL as compare to public sector banks. In absolute terms in case of private banks as a result of 100 Rs. increases in Agriculture PSL the net increase in NPA is equal to (14.71-4.47) 10.24

Finally it can be concluded that private sector banks are more efficient in managing NPA in relation with Agriculture PSL.

5.2.3. Causality of NPA on Agriculture PSL:

It may be possible that here exist lead leg relationship between Agriculture PSL and NPA. In other words the NPA of banks in a particular year can be effect by Agriculture PSL. In order to analyze the causal relationship between NPA and Agriculture PSL of both public and private bank the Block Exogeneity Granger Causality test is applied. The results of Granger Causality test is shown below in table 5.10:

Table 5.10 Causality of NPA on Agriculture PSL

Dependent variable: TOTAL_NPA			
Excluded	Chi-sq	Df	Prob.
PSL_AGRI	38.75121	2	0.0000
All	38.75121	2	0.0000
Dependent variable: PSL_AGRI			
Excluded	Chi-sq	Df	Prob.
TOTAL_NPA	8.863288	2	0.0119
All	8.863288	2	0.0119

The result of Granger Causality test indicates that there exists significant causality in the direction of Agriculture PSL to NPA for both public and private banks. NPA of banks also have a significant effect on Agriculture PSL. Agriculture PSL have a greater impact on NPA as compare to other categories of PSL so banks try to decrease Agriculture PSL.

5.3. IMPACT OF SSI PSL LENDING ON NPA:

In the study the effort is done in order to analyse the impact of SSI Priority Sector Lending of public and private banks on their total net performance basis. Table 5.11 shows the SSI PSL and NPA of Public and Private Banks.

Table 5.11. NPA and SSI PSL of Public and Private Banks						
Year	NPA of Public Banks (1)	NPA of Private Banks (2)	Total NPA (1+2)	SSI PSL of Public Banks (3)	SSI PSL of Private Banks (4)	Total SSI PSL (3+4)
2001	53184	641000	694184	48400	8158	56558
2002	56514	11667	68181	49743	8613	58356
2003	52790	11866	64656	52988	6857	59845
2004	50141	10352	60493	58311	7590	65901
2005	47693	8800	56493	67800	8592	76392
2006	41380	7829	49209	82434	10447	92881
2007	38590	9239	47829	102550	13136	115686
2008	39750	12976	52726	151137	46912	198049
2009	43908	16887	60795	191408	46656	238064
2010	57448	17384	74832	276319	64825	341144
2011	71015	17971	88986	376625	87857	464482
2012	112500	18300	130800	396600	110500	507100
2013	155900	20000	175900	478400	141700	620100

The pooled regression model is applied considering NPA as dependent variable and SSI PSL as independent variable. The pooled regression model can be mathematically expressed as:

$$NPA = \alpha + \beta . SSI\ PSL + E$$

The result of pooled regression model is shown below in table 5.12:

Table 5.12. Pooled Impact of SSI PSL on NPA					
Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	12551.92	2.636 (0.014)	73.52 %	66.638(.000)
	SSI PSL	0.229	8.163 (.000)		

The result indicates the p value of t statistics (.000) is found to be less than 5% level of significance hence with 95% confidence level. So **Hypothesis 13***: "There exists no significant impact of SSI PSL on NPA in Indian commercial banks"* cannot be accepted. Thus it can be concluded that SSI PSL of banks has significant impact on the NPA of banks. The regression equation can be written as:

NPA=12551.92 +0.229 SSI PSL

The regression model indicates that slope coefficient of SSI PSL is found to be 0.229 which is positive and found significant. Hence it can be concluded that there exist significant positive impact of SSI PSL on NPA. The result of regression model indicates that if banks offer 100 rupee of SSI PSL there NPA increase by 22.9 rupee. The F statistics of the regression model is found to be 66.638 with p value of (.000) which indicates that the pooled regression model is statistically fit. The R^2 is 73.52% which indicates that approximately 73% of variance in the behaviour of NPA can be explained with the help of regression model.

After applying the pooled regression model the panel regression model is applied to decide fixed effect versus random effect model. The result of F test and Hausman test shown below in Table 5.13:

Table 5.13. F test and Hausman Test of SSI PSA

	F test	Hausman test
	F test (p value)	Cross Section random (p value)
Cross Section Effect	15.402 (0.000)	15.402 (0.000)
Time effect	1.171 (0.394)	7.446 (0.006)

The results as shown above in table 5.13 indicate that the P value of F statistics is significant (less than 5 percent level of significance) hence fixed effect model is statistically better than Pooled Regression model. The Hausman test indicates that the effects are not random since the P value of Hausman test is found to be less than 5% level of significance. In other words it can be concluded that the impact of SSI PSL on NPA in case of public and private banks are different hence Cross Section Fixed Effect Model should be applied in order to have better understanding of effect of SSI PSL on NPA.

5.3.1 Cross Section Fixed Effect Model of SSI PSL:

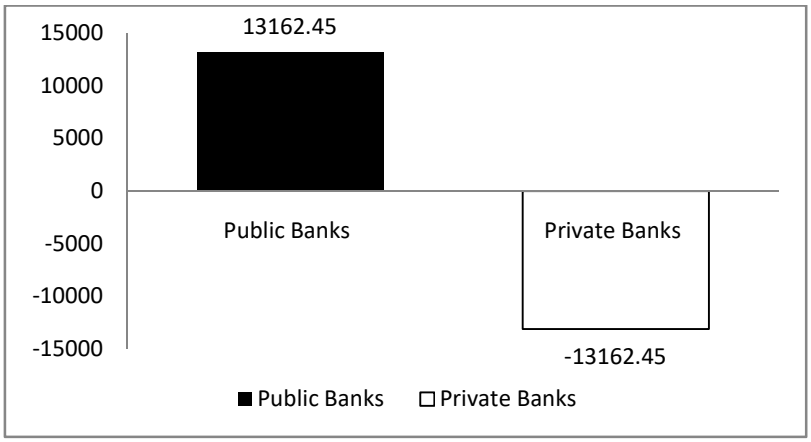
After analyzing the pooled regression model as well as F test the Cross Section Fixed Effect Model is applied on the data, here the public banks and private banks are considered as cross sections individuals and the time period is from 2000 to 2013. The Cross Section Fixed Effect Model can be mathematically explained as:

$$NPA\ it = \alpha + \beta\ SSI\ PSL\ it$$

Where i, present public and private banks and t present time period (2001 to 2013). The result of Cross Section Fixed Effect Model represent that the SSI PSL is having a significant effect on NPA of both the banks, but private sector banks are found to be more efficient in managing NPA as a result of SSI PSL as compare to Public banks. So **Hypothesis 14***: "There exists no significant difference in impact of SSI PSL on NPA of public and private banks"* cannot be accepted.

The fixed effect of Public sector banks is 13162.45, which is positive and in case of private banks the fixed effect is -13162.45. This represent that public sector banks are less efficient as compare to private banks as shown in graph 5.3.

Graph 5.3 Cross Section Fixed Model of SSI PSL



5.3.2. Two Way Fixed Effect Panel Regression:

In previous regression fixed effect model, it was assumed that intercept is different for public and private banks in analyzing the impact of SSI PSL on NPA. It may be possible not only intercept but also sensitivity of NPA to SSI PSL is also different for public and private banks. The following fixed effect model where intercept as well as slope coefficient for both public and private banks may be different is applied.

$$NPA = \alpha + \beta_1 Dprivate + \beta 2\ SSI\ PSL + \beta 3\ Dprivate.SSI\ PSL$$

The results of fixed effect using equation are shown below in table 5.14:

Table 5.14 Two Way Fixed Effect Panel Regression of SSI PSL

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	30466.05	4.79 (0.000)	84.7	40.893 (0.000)
	Dummy Private	-21259.86	-2.5 (0.020)		
	SSI PSL	0.182	6.63 (.000)		
	Dpr*SSI PSL	-0.0930	-0.97 (.341)		

The results indicate that α is found to be positive. In this regression model as public sector banks are assumed to be reference hence the NPA in case of no SSI PSL is positive. In addition to this the slope coefficient of dummy private is found to be negative, which indicates low level of NPA in case of private banks as compare to public banks. The slope coefficient is (0.182) represents the impact of SSI PSL on NPA in case of public sector banks, which represents that increase in the SSI PSL of 100 Rs would lead to 18.2 Rs increase in NPA. However the slope coefficient of interaction dummy (dummy of private* SSI PSL) is found to be -0.093 which represents that in case of private banks the net increase of NPA is Rs. 9.3 less than as result of 100 Rs. increase in SSI PSL as compare to public sector banks. In absolute terms in case of private banks as a result of 100 Rs. increases in SSI PSL the net increase in NPA is equal to (18.2-9.3) 8.9 Finally it can be concluded that private sector banks are more efficient in managing NPA in relation with SSI PSL.

5.3.3. Causality of NPA on SSI PSL:

It may be possible that here exist lead leg relationship between SSI PSL and NPA. In other words the NPA of banks in a particular year can be effect by SSI PSL. In order to analyze the causal relationship between NPA and SSI PSL of both public and private bank the Block Exogeneity Granger Causality test is applied. The results of Granger Causality test is shown below in table 5.15:

Table 5.15 Causality of NPA on SSI PSL			
Dependent variable: TOTAL_NPA			
Excluded	Chi-sq	df	Prob.
PSL_SSI	28.04208	2	0.0000
All	28.04208	2	0.0000
Dependent variable: PSL_SSI			
Excluded	Chi-sq	df	Prob.
TOTAL_NPA	0.469686	2	0.7907
All	0.469686	2	0.7907

The result of Granger Causality test indicates that there exists significant causality in the direction of SSI PSL to NPA for both public and private banks. However the total NPA of banks do not have impact of SSI PSL of subsequent years.

5.4. IMPACT OF OTHER PSL LENDING ON NPA:

In the study the effort is done in order to analyse the impact of Other Priority Sector Lending of public and private banks on their total net performance basis. Table 5.16 shows the Other PSL and NPAs of public and private banks.

Table 5.16. NPA and Other PSL of Public and Private Banks						
Year	NPA of Public Banks (1)	NPA of Private Banks (2)	Total NPA (1+2)	Other PSL of Public Banks (3)	Other PSL of Private Banks (4)	Total Other PSL (3+4)
2001	53184	641000	694184	47145	7775	54920
2002	56514	11667	68181	63599	9190	72789
2003	52790	11866	64656	76297	19867	96164
2004	50141	10352	60493	101710	26600	128310
2005	47693	8800	56493	129329	39661	168990
2006	41380	7829	49209	172414	59954	232368
2007	38590	9239	47829	216212	79379	295591
2008	39750	12976	52726	210628	59454	270082

2009	43908	16887	60795	230464	67489	297953
2010	57448	17384	74832	214995	91128	306123
2011	71015	17971	88986	231309	69146	300455
2012	112500	18300	130800	255500	71700	327200
2013	155900	20000	175900	273200	73800	347000

The pooled regression model is applied considering NPA as dependent variable and Other PSL as independent variable. The pooled regression model can be mathematically expressed as:

$$NPA = \alpha + \beta . Other\ PSL + E$$

The result of pooled regression model is shown below in table 5.17:

Table 5.17 Pooled Impact of Other PSL on NPA

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	3902.663	0.515 (.610)	57.19%	32.066
	Other PSL	0.310	5.662 (0.000)		(.000)

The result indicates the p value of t statistics (0.000) is found to be less than 5% level of significance hence with 95% confidence level. So the null hypothesis **Hypothesis 15***: "There exists no significant impact of Other PSL on NPA in Indian commercial banks"* cannot be accepted. Thus it can be concluded that Other PSL of banks has significant impact on the NPA of banks. The regression equation can be written as:

NPA=3902.663 +0.310 Other PSL

The regression model indicates that slope coefficient of Other PSL is found to be 0.310 which is positive and found significant. Hence it can be concluded that there exist significant positive impact of Other PSL on NPA. The result of regression model indicates that if banks offer 100 rupee of Other PSL there NPA increase by 31 rupee. The F statistics of the regression model is found to be 32.066 with p value of (.000) which indicates that the pooled regression model is statistically fit. The R^2 is 57.19% which indicates that approximately 57% of variance in the behaviour of NPA can be explained with the help of regression model.

After applying the pooled regression model the panel regression model is applied to decide fixed effect versus random effect model. The result of F test and Hausman test shown below in table 5.18:

Table 5.18 F test and Hausman test of Other PSL		
	F test	Hausman test
	F test (p value)	Cross Section random (p value)
Cross Section Effect	4.381 (0.047)	4.381 (0.036)
Time effect	1.671 (0.192)	3.640 (0.056)

The results as shown above in table indicate that the P value of F statistics is significant (less than 5 percent level of significance) hence fixed effect model is statistically better than Pooled Regression model. The Hausman test indicates that the effects are not random since the P value of Hausman test is found to be less than 5% level of significance. In other words it can be concluded that the impact of Other PSL on NPA in case of public and private banks are different hence Cross Section Fixed Effect Model should be applied in order to have better understanding of effect of Other PSL on NPA.

5.4.1. Cross Section Fixed Effect Model of Other PSL:

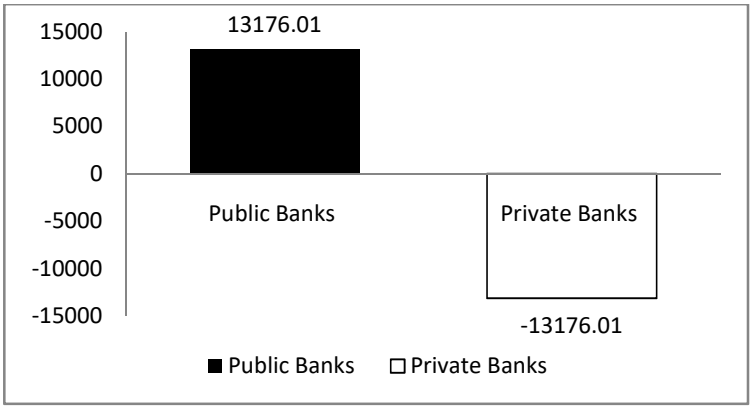
After analysing the pooled regression model as well as F test the Cross Section Fixed Effect Model is applied on the data, here the public banks and private banks are considered as cross sections individuals and the time period is from 2000 to 2013. The Cross Section Fixed Effect Model can be mathematically explained as:

$$NPA\ it = \alpha + \beta\ Other\ PSL\ it$$

Where i, present public and private banks and t present time period (2001 to 2013). The result of Cross Section Fixed Effect Model represent that the Other PSL is having a significant effect on NPA of both the banks, but private sector banks are found to be more efficient in managing NPA as a result of Other PSL as compare to Public banks. So **Hypothesis 16***: "There exists no significant difference in impact of Other PSL on NPA of public and private banks"*cannot be accepted. The fixed effect of Public sector banks is 13176.01, which is positive and in case of private banks the fixed

effect is -13176.01. This represent that public sector banks are less efficient as compare to private banks as shown in graph 5.4.

Graph 5.4 Cross Section Fixed Effect of Other PSL



5.4.2. Two Way Fixed Effect Panel Regression of Other PSL:

In previous regression fixed effect model, it was assumed that intercept is different for public and private banks in analyzing the impact of Other PSL on NPA. It may be possible not only intercept but also sensitivity of NPA to Other PSL is also different for public and private banks. The following fixed effect model where intercept as well as slope coefficient for both public and private banks may be different is applied.

$$NPA = \alpha + \beta_1 Dprivate + \beta 2\ Other\ PSL + \beta 3\ Dprivate.Other\ PSL$$

The results of fixed effect using equation are shown below in table 5.19:

Table 5.19. Two Way Fixed Effect Panel Regression of Other PSL

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	28216.33	1.85 (0.076)	64.29	13.204
	Dummy Private	-20093.44	-0.98 (0.337)		(0.000)
	Other PSL	0.203	2.517 (.019)		
	Dpr*Other PSL	-0.103	-0.39 (.698)		

The results indicate that α is found to be positive. In this regression model as public sector banks are assumed to be reference hence the NPA in case of no Other PSL is

positive. In addition to this the slope coefficient of dummy private is found to be negative, which indicates low level of NPA in case of private banks as compare to public banks. The slope coefficient is (0.203) represents the impact of Other PSL on NPA in case of public sector banks, which represents that increase in the Other PSL of 100 Rs would lead to 20.3 Rs increase in NPA. However the slope coefficient of interaction dummy (dummy of private* Other PSL) is found to be -0.103 which represents that in case of private banks the net increase of NPA is Rs. 10.3 less than as result of 100 Rs. increase in Other PSL as compare to public sector banks. In absolute terms in case of private banks as a result of 100 Rs. increases in Other PSL the net increase in NPA is equal to (20.3-10.3) 10 Finally it can be concluded that private sector banks are more efficient in managing NPA in relation with Other PSL.

5.4.3 Causality of NPA on Other PSL:

It may be possible that here exist lead leg relationship between Other PSL and NPA. In other words the NPA of banks in a particular year can be effect by Other PSL. In order to analyze the causal relationship between NPA and Other PSL of both public and private bank the Block Exogeneity Granger Causality test is applied. The results of Granger Causality test is shown below in table 5.20:

Table 5.20 Causality of NPA on other PSL

Dependent variable: TOTAL_NPA			
Excluded	Chi-sq	df	Prob.
PSL_OTHERS	7.744943	2	0.0208
All	7.744943	2	0.0208
Dependent variable: PSL_OTHERS			
Excluded	Chi-sq	df	Prob.
TOTAL_NPA	10.57052	2	0.0051
All	10.57052	2	0.0051

The result of Granger Causality test indicates that there exists significant causality in the direction of Other PSL to NPA for both public and private banks. There is also significant causality between NPA and Other PSL. It means there exists a lead leg relationship between Other PSL and NPA.

It can be concluded that by pooled regression model that PSL has significant impact on NPA.

5.5 IMPACT OF NON PSL ON NPA:

In the research study effort is done to analyze the effect of non priority sector lending on NPA is done. Table 5.21 shows the Non PSL and NPA of public and private banks.

Table 5.21. NPA and Non PSL of Public and Private Banks

Year	NPA of Public Banks (1)	NPA of Private Banks (2)	Total NPA (1+2)	Non PSL of Public Banks (3)	Non PSL of Private Banks (4)	Total Non PSL (3+4)
2001	53184	641000	694184	192111	37199	229310
2002	56514	11667	68181	222732	38795	261527
2003	52790	11866	64656	285131	46454	331585
2004	50141	10352	60493	316223	53853	370076
2005	47693	8800	56493	410351	90403	500754
2006	41380	7829	49209	606996	142447	749443
2007	38590	9239	47829	791914	192395	984309
2008	39750	12976	52726	755210	179170	934380
2009	43908	16887	60795	974230	216218	1190448
2010	57448	17384	74832	1212610	291934	1504544
2011	71015	17971	88986	1472014	284349	1756363
2012	112500	18300	130800	1908816	440504	2349320
2013	155900	20000	175900	2259789	545667	2805456

The pooled regression model is applied considering NPA as dependent variable and Non PSL as independent variable. The pooled regression model can be mathematically expressed as:

$$NPA = \alpha + \beta . Non\ PSL + E$$

The result of pooled regression model is shown below in table 5.22:

Table 5.22 Pooled Impact of Other PSL on NPA

Dependent Variable	Independent Variable	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	10039.271	2.232 (.035)	77.17%	83.721

	Non PSL	.052	9.150 (0.000)		(.000)

The result indicates the p value of t statistics (0.000) is found to be less than 5% level of significance hence with 95% confidence level. So the null hypothesis **H17***: "There exists no significant impact of Non PSL on NPA in Indian commercial banks"* cannot be accepted. Thus it can be concluded that Non PSL of banks has significant impact on the NPA of banks. The regression equation can be written as:

NPA=10039.271 +0.052 Non PSL

The regression model indicates that slope coefficient of Non PSL is found to be 0.052 which is positive and found significant. The result of regression model indicates that if banks offer 100 rupee of Non PSL there NPA increase by 5 rupee. The F statistics of the regression model is found to be 83.721 with p value of (.000) which indicates that the pooled regression model is statistically fit. The R^2 is 77.17% which indicates that approximately 77% of variance in the behaviour of NPA can be explained with the help of regression model.

5.5.1. Impact of Non PSL on NPA of public and private banks:

It may be possible not only intercept but also sensitivity of NPA to Non PSL is also different for public and private banks. So impact of non PSL on NPA is studied separately for public and private banks

The results are shown in table 5.23

Table 5.23: Impact of Non PSL on NPA of public and private banks

DV	IV	**Public Banks**				**Private Banks**			
		Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)	Regression Coefficients	t-stat. (p-value)	R^2	F stat. (p value)
NPA	Intercept	26457.21	2.787 (.018)	67.5 %	22.87 (.001)	8412.74	7.003 (.000)	68.6 %	23.98 (.000)
	Non PSL	.042	4.782 (.001)			.024	4.897 (.000)		

The result shown in table 5.23 indicates that if public banks non PSL lending increase by 100 rupee than their NPA increases by .042 rupee (means 4.2 rupee) while private banks NPA increase by .024 Rs (means 2.4 rupee).

5.6. COMPARISON OF PUBLIC BANKS AND PRIVATE BANKS LENDING AND IMPACT ON NPA:

As shown above that impact of PSL and its categories and Non PSL is significant on NPA. PSL and Non PSL both are increasing NPAs of banks. Comparison of PSL and its categories and Non PSL of public and private banks are as under in table 5.24

Table 5.24. Comparison of Public banks and Private Banks Lending and Impact on NPA

	Pooled effect		Public Banks		Private Banks	
	Intercept	Beta Co-efficient	Intercept	Beta Co-efficient	Intercept	Beta Coefficient
PSL	7976.258	0.082	27710.06	0.0636	9557.94	0.0386
Agriculture PSL	10038.69	0.193	28177.46	0.1471	7862.99	0.1024
SSI PSL	12551.92	0.229	30466.05	0.182	9206.19	0.089
Other PSL	3902.663	0.31	28216.33	0.203	8122.89	0.1
Non PSL	10039.271	0.052	26457.21	0.042	8412.74	0.024

It is clear from table 5.24 that

- When PSL increase by 100 Rs. than NPA increase by 8.2 rupee. This impact is different in public and private banks. Public bank's NPA increase by 6.36 rupee (Beta coefficient 0.0636* 100) and private bank's NPA increase by 3.86 rupee (Beta coefficient 0.0386* 100) with 100 Rupee increase in PSL.
- When Agriculture PSL increase by 100 Rs. than NPA increase by 19.3 rupee. This impact is different in public and private banks. Public bank's NPA increase by 14.71 rupee and private bank's NPA increase by 10.24 rupee with 100 Rupee increase in Agriculture PSL.

- When SSI PSL increase by 100 Rs. than NPA increase by 22.9 rupee. This impact is different in public and private banks. Public bank's NPA increase by 18.2 rupee and private bank's NPA increase by 8.9 rupee with 100 Rupee increase in SSI PSL.
- When Other PSL increase by 100 Rs. than NPA increase by 31 rupee. But this impact is different in public and private banks. Public bank's NPA increase by 20.3 rupee and private bank's NPA increase by 10 rupee with 100 Rupee increase in PSL.
- When Non Priority Sector Lending increase by 100 Rs. than NPA increase by 5.2 rupee. But this impact is different in public and private banks. Public bank's NPA increase by 4.2 rupee and private bank's NPA increase by 2.4 rupee with 100 Rupee increase in Non PSL.

It can be concluded that both PSL and Non PSL has significant impact on NPA, but PSL has more significant impact on NPA as compare to Non PSL. Comparison of different types of PSL; Agriculture PSL, SSI PSL and Other PSL shows that Other PSL has more significant impact on NPA than Agriculture PSL and SSI PSL (as shown in table 5.24). Comparison of Public Banks and Private Banks NPA management shows that in every case (PSL, Agricultures PSL, SSI PSL, Other PSL and Non PSL) Private Bank's NPA are less than public banks. So it can be concluded that Private Banks are managing their NPA better than Public Banks.

CHAPTER - VI
ANALYSIS OF PROBLEMS FACED BY CUSTOMERS FOR TAKING LOANS UNDER PSL

The basic motive behind PSL is to achieve socio economic equality. So RBI has fixed mandatory targets for PSL and it various subcategories. But it is being realized that customers are facing various problems while taking PSL loans. In the research study effort is done to analyse the problems faced by beneficiaries in taking loans under PSL. For this purpose a survey of 400 customers of PSL is being done with the help of self designed questionnaire. The statements in the questionnaire are taken from the literature review and from pilot survey. As most of the PSL customers are less literate so questionnaire was prepared in **Hindi**. Frequency distribution and Descriptive analysis is done of all the statements. One Way ANOVA and Chi Square test is done according to the nature of statements like for opinion based statements One Way ANOVA is done and for fact based statements Chi Square is being used. Following hypothesis has been checked in this chapter:

H 18*: "There exists no significant difference among type of loan and problems of customers in PSL."*

As there are various problems phased by customers so this hypothesis is proved with the help of following sub hypothesis.

H 18.1.: *"There exists no significant difference among type of loan and procedural problems."*

H 18.2.*: "There exists no significant difference among type of loan and sufficient amount of loan."*

H 18.3.*: "There exists no significant difference among type of loan and paying bribes."*

H 18.4.*: "There exists no significant difference among type of loan and awareness level."*

H 18.5.*: "There exists no significant association between type of loan in PSL and number of visits before sanctioning the loans.*"

H 18.6.*: "There exists no significant association between type of loan in PSL and number of visits after sanctioning the loans."*

H 18.7.: *"There exists no significant association among type of loan and reminder for installment."*

H 18.8.: *"There exists no significant association among type of loan and repayment schedule.*"

H 18.9.: *"There exists no significant difference among type of loan and repayment schedule convenience."*

H 18.10.: *"There exists no significant difference among type of loan and diversion of loan."*

H 18.11: *"There exists no significant difference among type of loan and customers perception for behaviour of bankers."*

H 18.12: *"There exists no significant difference among type of loan and increase in income, employment and status."*

H 18.13.: *"There exists no significant association between type of loan and on time installment payment."*

H 18.14.: *"There exists no significant difference among type of loan and reasons of delay in payment."*

H 18.15.: *"There exists no significant difference among type of loan and satisfaction from services of banks."*

H 18.16.: *"There exists no significant difference among type of loan and satisfaction from loans."*

H 18.17: *"There exists no significant difference among type of loan and overall satisfaction from banks."*

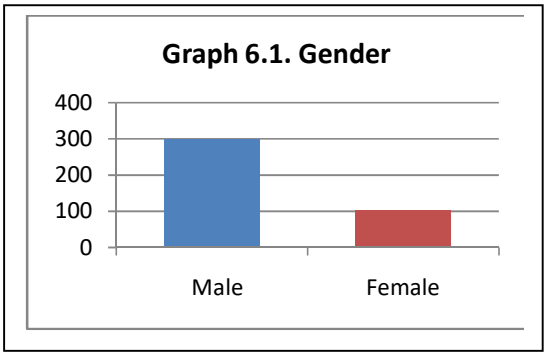
Analysis of all the statements of questionnaire is as under:

6.1. GENDER:

Survey of 400 customers is being done. Out of this 298 were male and 102 were female as represented in table 6.1 and graph 6.1.

Table 6.1. Gender

	Frequency	Percent
Male	298	74.5 %
Female	102	25.5 %
Total	400	100.0 %



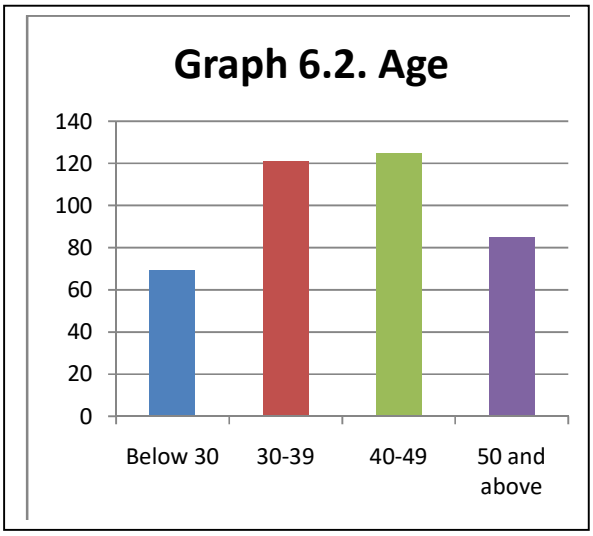
Customers are chosen randomly. But still there are approximate 75 percent of Male and 25 percent of Female. It is because in sample area (Delhi/NCR) numbers of working female are less than working males.

6.2. AGE:

Customers are being selected randomly. Table 6.2 represents the frequency distribution of different age group selected.

Table 6.2. Age

	Frequency	Percent
Below 30	69	17.3
30-39	121	30.3
40-49	125	31.3
50 and above	85	21.3
Total	400	100.0



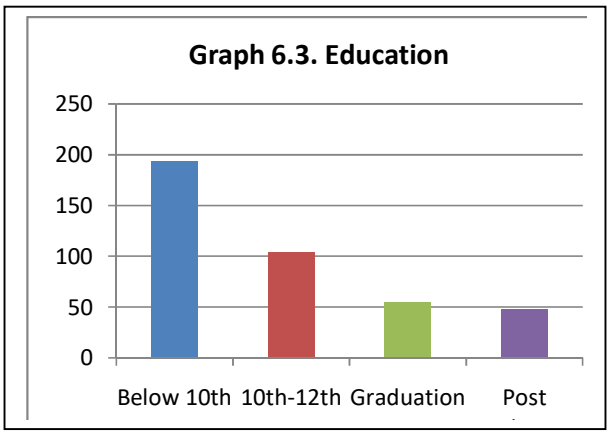
It is clear from table 6.2 and graph 6.2 that almost 77 (17+30+ 31) percent of person are between the age of 50. It is because mostly working persons are in this group only.

6.3 EDUCATION:

Most of person who applied for the PSL are less literate. The same thing is depicted in the survey as shown in table 6.3 and graph 6.3.

Table 6.3. Education

	Frequency	Percent
Below 10th	193	48.3
10th-12th	104	26.0
Graduation	55	13.8
Post Graduation	48	12.0
Total	400	100.0



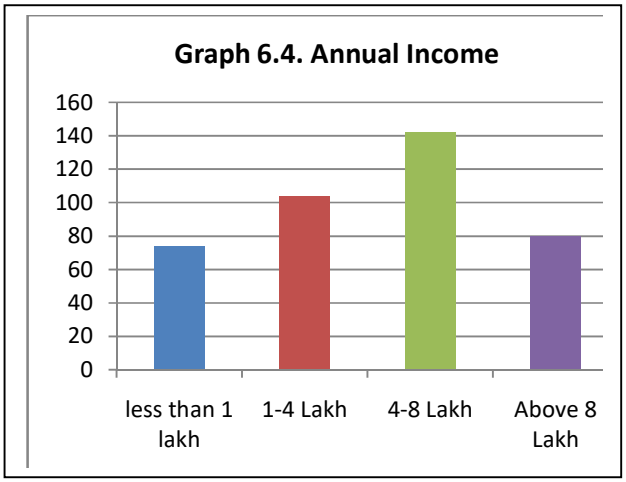
Approximate 74 percent (48+26=74) of person are less than12th pass out or 12th pass out. That's why questionnaire is prepared in Hindi language.

6.4. INCOME:

Income status of the surveyed customers is shown in table 6.4 and graph 6.4.

Table 6.4. Annual Income

	Frequency	Percent
less than 1 lakh	74	18.5
1-4 Lakh	104	26.0
4-8 Lakh	142	35.5
Above 8 Lakh	80	20.0
Total	400	100.0



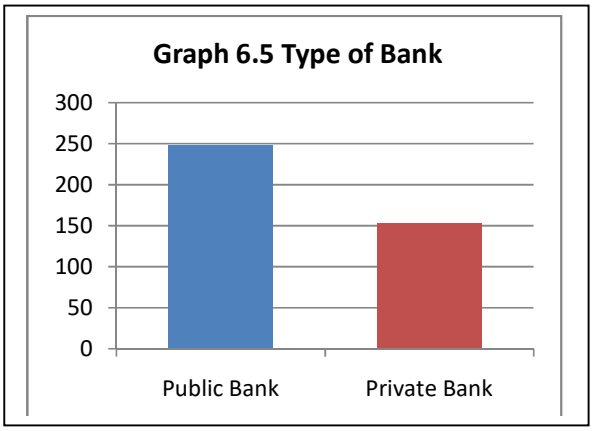
It is clear form table 6.4 that out of 400 persons 74 person are having less than 1 lakh income, 104 having income between one to four lakh, 142 are having four to eight lakh income and 80 are having more than 8 lakh income.

6.5. TYPE OF BANK:

Out of 400 persons 248 persons have taken loans from public banks and 152 persons have taken loans from private banks as shown in table 6.5 and graph 6.5.

Table 6.5. From where you have taken the loan

	Frequency	Percent
Public Bank	248	62.0
Private Bank	152	38.0
Total	400	100.0

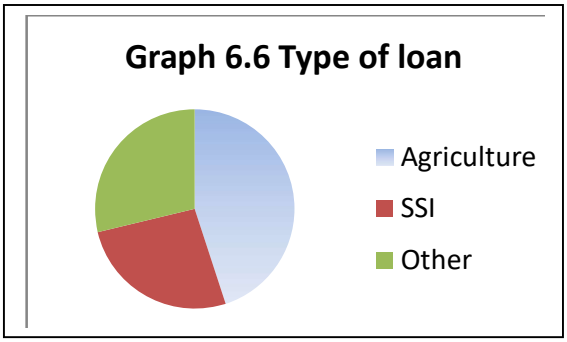


Numbers of public bank's customers are more than the customers of private banks because volume of public bank's business is more than private banks.

6.6. TYPE OF LOAN:

Priority Sector Lending loans are mainly categorised in 3 major categories; Agriculture PSL, SSI PSL and Other PSL. Survey of all the categories is being done as shown in table 6.6 and graph 6.6.

Table 6.6.Type of loan		
	Frequency	Percent
Agriculture	180	45.0
SSI	105	26.3
Other	115	28.8
Total	400	100.0

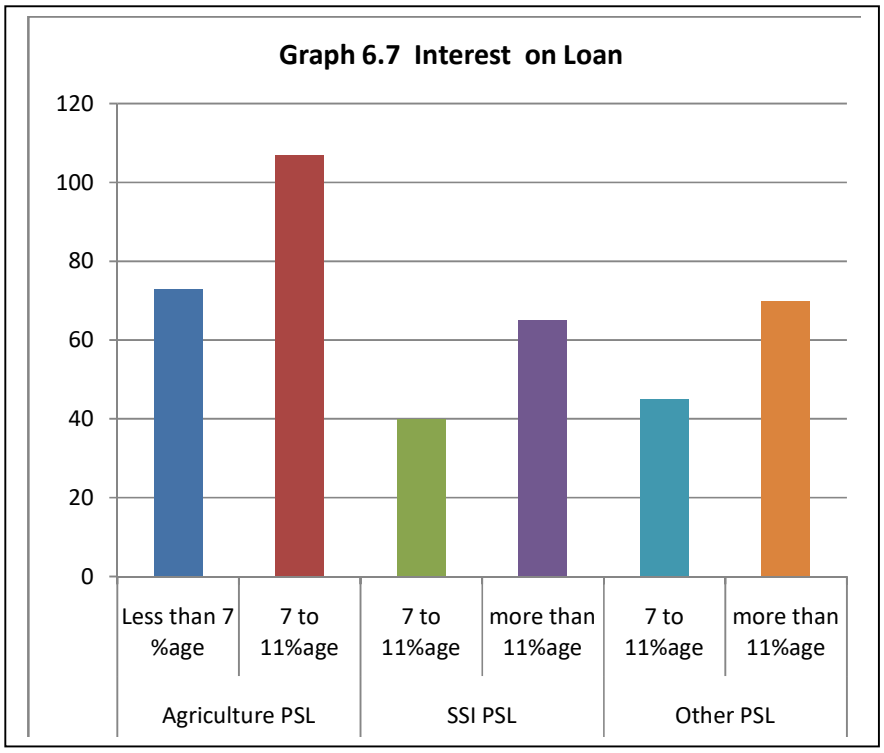


Out of 400 customers surveyed 180 is of Agriculture PSL, 105 of SSI and 115 of Other PSL. Total PSL target is 40 percent of total ANBC. Out of this 18 percent is fixed for agriculture. So from total 400 customers surveyed, 180 are of agriculture. Number of SSI PSL questionnaires and Other PSL questionnaires is decided by their average percentage in PSL in study period.

6.7. INTEREST ON LOAN:

Interest rate on loans are categorised in 3 categories: less than 7 percent, 7 to 11 percent and more than 11 percent. Table 6.7 and graph shows that most of the agriculture loans are of less than 11 percent, even few are of less than 7 percent interest rate. SSI PSL and Other PSL loans are more than 7 percent interest rate.

Table 6.7. Interest of the loan		
Type of loan		Frequency
Agriculture PSL	Less than 7 %age	73
	7 to 11%age	107
SSI PSL	7 to 11%age	40
	more than 11%age	65
Other PSL	7 to 11%age	45
	more than 11%age	70



It means on agriculture loans interest rates are less as compare to SSI loans and other loans. It means agriculture loans are less profitable.

6.8. SECURITY:

It is being asked from the customers surveyed that whether they have to put any security for getting loans or not.

Table 6.8 Security

Agriculture	Yes	180
	No	0
SSI	Yes	105
	No	0
Other	Yes	115
	No	0

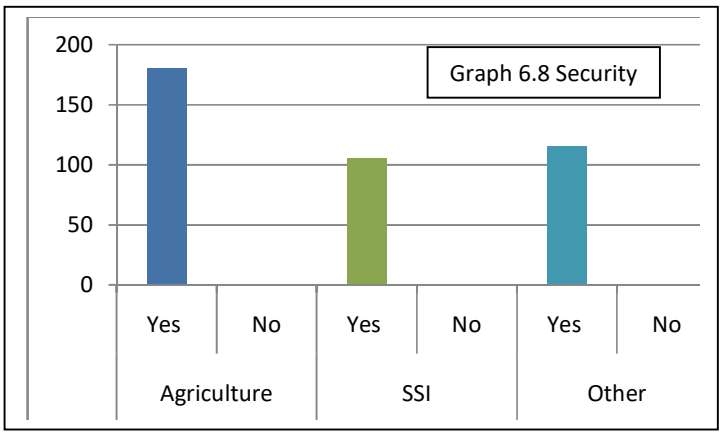


Table 6.8 and Graph 6.8 clearly show that among all the categories all the customers have to put some security for getting loans. Agriculture PSLs are mostly secured

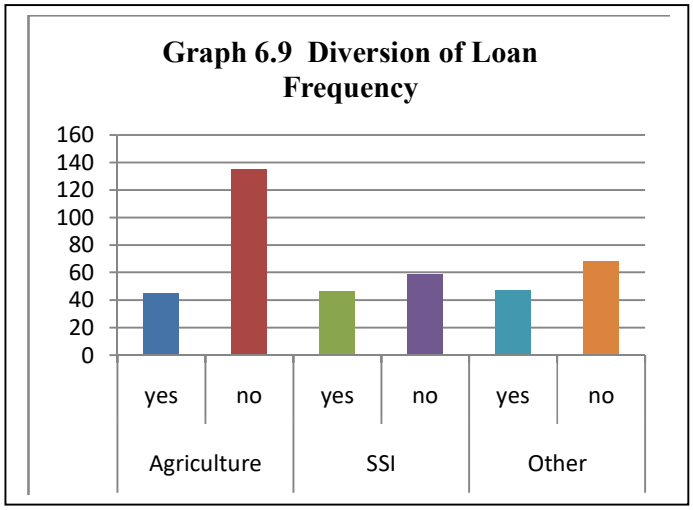
against the land, SSI PSLs are mostly secured against stock of the business and Other PSLs loans are secured against the assets.

6.9 DIVERSION OF LOAN:

It is being asked form the customers surveyed that have they ever used their loan money for any other purpose than it is actually taken.

Table 6.9
Diversion of Loan

		Frequency
Agriculture	Yes	45
	No	135
SSI	Yes	46
	No	59
Other	Yes	47
	No	68



It is clear from the table 6.9 and graph 6.9 that customers are using their loans for other purpose than it is actually taken. It might be a reason for increasing NPA.

6.10 PROCEDURAL PROBLEM:

It is found in the review that customers felt that loan taking procedure is lengthy and difficult. In order to check the procedural problem faced by customers a scale of 6 has been made. Table 6.10 the frequency distribution of problem face by customers.

Table 6.10 Frequency of Procedural Problem

Agriculture						
	Strongly Disagree	Disagree	Some - what Disagree	Some-what agree	Agree	Strongly Agree

The procedure of getting loan is Lengthy and time taking	12 (6.7)	38 (21.1)	43 (23.9)	53 (29.4)	22 (12.2)	12 (6.7)
The procedure of getting loan is difficult	18 (10)	39 (21.7)	30 (16.7)	45 (25.0)	29 (16.1)	19 (10.6)
SSI						
The procedure of getting loan is Lengthy and time taking	9 (8.6)	25 (23.80	28 (26.7)	27 (25.70	10 (9.5)	6 (5.7)
The procedure of getting loan is difficult	2 (1.9)	5 (4.8)	3 (2.9)	38 (36.2)	44 (41.9)	13 (12.4)
Others						
The procedure of getting loan is Lengthy and time taking	9 (7.8)	22 (19.1)	19 (16.5)	32 (27.8)	17 (14.8)	16 (13.9)
The procedure of getting loan is difficult	6 (5.2)	15 (13.0)	12 (10.4)	41 (35.7)	34 (29.6)	7 (6.1)

Descriptive analysis of procedural problems is also being done. It is clear from descriptive analysis (table 6.11) that mean score of procedural problem of all the sectors of PSL is laying between 3 to 4 at a scale of 6 (expect V2 of SSI Sector). So it can be stated that customers are somewhat disagree with the statement 'the loan taking is time taking and difficult'. In order to find whether there is any difference in procedural problems among different types of loans or not, one way ANOVA is applied as shown in Table 6.11.

H 18.1: "There exists no significant difference among type of loan and procedural problems.

Table 6.11 Descriptive Analysis and One Way ANOVA of Procedural Problems				
		Mean	Std. Deviation	F
The procedure of getting loan is Lengthy and time taking (PV1)	Agriculture	3.39	1.310	2.824 (0.06)
	SSI	3.21	1.306	
	Other	3.64	1.494	
The procedure of getting loan is difficult. (PV2)	Agriculture	3.47	1.500	19.324 (0.00)
	SSI	4.49	1.039	
	Other	3.90	1.280	

The result of one way ANOVA is shown in table 6.11 above.

Table 6.11.PV1: The result of one way ANOVA indicates that the p value of F statistic is found to be more than 5 percent level of significance. Thus with 95 percent level of confidence null hypothesis can be accepted. Thus it can be concluded that all beneficiaries are somewhat agree that procedure of getting loan is lengthy and time taking.

Table 6.11.PV2: The result of one way ANOVA indicates that the p value of F statistic is found to be less than 5 percent level of significance. Thus with 95 percent level of confidence null hypothesis cannot be accepted. Thus it can be concluded that in case of Agriculture PSL (3.47) and SSI PSL beneficiaries face more difficulty in getting loan than SSI PSL beneficiaries (4.49).

6.11. SUFFICIENCY OF LOAN:

Statement regarding sufficiency of loan is being included that whether the bank provide loan in sufficient amount or not. In pilot survey it is found that the opinion of customers regarding sufficiency of loan is different so a scale of 6 has been made and the frequency distribution of customer's opinion is shown below in table 6.12.

Table 6.12. Bank provide sufficient amount of loan according to requirement of borrower					
Agriculture					
Strongly Disagree	Disagree	Somewhat Disagree	Somewhat agree	Agree	Strongly Agree
6 (3.3)	3 (1.7)	3 (1.7)	58 (28.9)	57 (31.7)	59 (32.8)
SSI					
12 (11.4)	6 (5.7)	6 (5.7)	25 (23.8)	31 (29.5)	25 (23.8)
Other					
12 (10.4)	17 (14.8)	12 (10.4)	27 (23.5)	32 (27.8)	15 (13.0)

Descriptive analysis of one way Anova is also done. The results are under in table 6.13. The mean score of Agriculture and SSI PSL customers is 4.82 and 4.26 so it can be stated that customers agreed that loan is sufficient. The customers of Other PSL sector are somewhat agree that loan amount is sufficient.

In order to find whether there is any difference in sufficiency of loans among different types of loans or not, one way ANOVA is applied.

> **H 18.2***: "There exists no significant difference among type of loan and sufficient amount of loan."*

Table 6.13 Descriptive and One way Anova of Sufficiency of Loan				
	Type of Loan	Mean	Std. Deviation	F
Bank provide sufficient amount of loan according to requirement of borrower	Agriculture	4.82	1.159	18.361 (0.00)
	SSI	4.26	1.587	
	Other	3.83	1.557	

The result of one way ANOVA is shown in table 6.13 above. The result of one way ANOVA indicates that the p value of F statistic is found to be less than 5 percent level

of significance. Thus with 95 percent level of confidence null hypothesis cannot be accepted. Thus it can be concluded that in case of Agriculture and SSI PSL beneficiaries agree that banks provide sufficient amount of loan and in case of Other PSL beneficiaries are somewhat agree with the statement that banks provide sufficient amount of loan.

6.12. BRIBES:

It is found in literature review and pilot survey that various kind of bribes (like some gift and monetary) are being given to bank officials and agents by agents to get loans. Frequency distribution of various statements of problem related to bribes of different category of customers of PSL is as under in table 6.14.

Table 6.14. Frequency distribution of Problem of Bribes

Agriculture

	Strongly Disagree	Disagree	Somewhat Disagree	Somewhat agree	Agree	Strongly Agree
loan disbursement will be early and easy if gift is given to bank officials	22 (12.2)	60 (33.3)	36 (20)	39 (21.7)	18 (10.0)	5 (2.8)
loan disbursement will be early and easy if money is given to bank officials	31 (17.2)	67 (37.2)	47 (26.1)	23 (12.8)	9 (5)	3 (1.7)
loan disbursement will be early and easy if gift is given to agents	41 (22.8)	64 (35.6)	34 (18.9)	25 (13.9)	14 (7.8)	2 (1.1)
loan disbursement will be early and easy if money is given to agents	10 (5.6)	61 (33.9)	58 (32.2)	29 (16.1)	14 (7.8)	8 (4.4)

SSI						
loan disbursement will be early and easy if gift is given to bank officials	11 (10.5)	45 (42.9)	26 (24.8)	14 (13.3)	9 (8.6)	0 (0)
loan disbursement will be early and easy if money is given to bank officials	8 (7.6)	64 (61.0)	24 (22.9)	9 (8.6)	0 (0)	0 (0)
loan disbursement will be early and easy if gift is given to agents	27 (25.7)	44 (41.9)	17 (16.2)	12 (11.4)	5 (4.8)	0 (0)
loan disbursement will be early and easy if money is given to agents	9 (8.6)	51 (48.6)	26 (24.8)	15 (14.3)	3 (2.9)	1 (1.0)
Others						
loan disbursement will be early and easy if gift is given to bank officials	20 (17.4)	45 (39.1)	19 (16.5)	19 (16.5)	9 (7.8)	3 (2.6)
loan disbursement will be early and easy if money is given to bank officials	18 (15.7)	38 (33.0)	35 (30.4)	15 (13.0)	5 (4.3)	4 (3.5)
loan disbursement will be early and easy if gift is given to agents	23 (20.0)	37 (32.2)	22 (19.1)	27 (23.5)	6 (5.2)	0 (0)
loan disbursement	7	41	40	23	4	0

will be early and easy if money is given to agents	(6.1)	(35.7)	(34.8)	(20.0)	(3.5)	(0)

Descriptive analysis and one way Anova is shown in table 6.15.

Table 6.15 Descriptive analysis and one way of problems related to Bribes

Bribes	Type of loan	Mean	Std. Deviation	F
Loan disbursement will be early and easy if gift is given to bank officials (BV1)	Agriculture	2.92	1.30	2.11 (0.123)
	SSI	2.67	1.11	
	Other	2.66	1.30	
Loan disbursement will be early and easy if money is given to bank officials (BV2)	Agriculture	2.72	1.18	4.75 (0.009)
	SSI	2.32	0.74	
	Other	2.94	3.08	
Loan disbursement will be early and easy if gift is given to agents. (BV3)	Agriculture	2.52	1.26	2.33 (0.099)
	SSI	2.28	1.11	
	Other	2.62	1.20	
Loan disbursement will be early and easy if money is given to agents. (V4)	Agriculture	3.00	1.20	5.29 (0.005)
	SSI	2.57	1.00	
	Other	2.79	0.95	

The result indicates that the mean scores of all the statement related to gift and payments are less than 3. This indicates that in the scale of 1 to 6 most of the customers are disagree that they paid any money or bribes to bank officials and agents. In order to find whether there is any difference in paying bribes among different types of loans or not, one way ANOVA is applied.

H 18.3*: "There exists no significant difference among type of loan and paying bribes."*

The result of one way ANOVA is shown in table 6.15. The result of one way ANOVA indicates that the p value of F statistic is found to be less than 5 percent level of significance in case of money provided to bank officials to bank officials and agents (BV2 and BV4). Thus with 95 percent level of confidence null hypothesis

cannot be accepted. Thus it can be concluded that in (BV2) other PSL loans money is provided (2.92) to bank officials if customers want early and easy disbursement of loans, however in case of (BV4) agriculture loans significant money is provided to agents if customers want early and easy disbursement of loans.

6.13. AWARENESS:

It has been felt that customers are not aware about various aspects of PSL loans like interest rate, different schemes, subsidy on loan, and subsidy on interest rate, margin money, and security for loans. So various statements related to awareness have been included in the questionnaire. Frequency distribution of Awareness related problem is shown below in Table 6.16.

Table 6.16. Frequency distribution of Awareness

Agriculture

	Fully un-aware	Un-aware	Some-what Un-aware	Some-what Aware	Aware	Fully Aware
Are you aware about interest rate charge by different banks	10 (5.6)	50 (27.8)	46 (25.6)	31 (17.2)	30 (16.7)	13 (7.2)
Are you aware about different scheme of loans	4 (2.2)	36 (20.0)	53 (29.4)	43 (23.9)	25 (13.9)	19 (10.6)
Are you aware about subsidy on interest rate	9 (5.0)	27 (15.0)	43 (23.9)	46 (25.6)	34 (18.9)	21 (11.7)
Are you aware about Subsidy on loan	11 (6.1)	28 (15.6)	51 (28.3)	53 (29.4)	28 (15.6)	9 (5.0)
Are you aware about margin money requirement for the	13 (7.2)	28 (15.6)	45 (25.0)	50 (27.8)	34 (18.9)	10 (5.6)

loan						
Are you aware about security requirement for the loan	15 (8.3)	32 (17.8)	33 (18.3)	50 (27.8)	33 (18.3)	17 (9.4)
SSI						
	Fully un-aware	Un-aware	Some-what Un-aware	Some-what Aware	Aware	Fully Aware
Are you aware about interest rate charge by different banks	3 (2.9)	14 (13.3)	24 (22.9)	34 (32.4)	22 (21.0)	8 (7.6)
Are you aware about different scheme of loans	4 (3.8)	14 (13.3)	22 (21.0)	26 (24.8)	29 (27.6)	10 (9.5)
Are you aware about subsidy on interest rate	7 (6.7)	13 (12.4)	20 (19.0)	21 (20.0)	27 (25.7)	17 (16.0)
Are you aware about Subsidy on loan	4 (3.8)	14 (13.3)	24 (22.9)	36 (34.3)	17 (16.2)	10 (9.5)
Are you aware about margin money requirement for the loan	6 (5.7)	13 (12.4)	22 (21.0)	27 (25.7)	20 (19.0)	17 (16.0)
Are you aware about security requirement for the loan	7 (6.7)	14 (13.3)	14 (13.3)	33 (31.4)	28 (26.7)	9 (8.6)
Other						
	Fully un-aware	Un-aware	Some-what Un-aware	Some-what Aware	Aware	Fully Aware

Are you aware about interest rate charge by different banks	1 (0.9)	10 (8.7)	16 (13.9)	30 (26.1)	32 (27.8)	26 (22.6)
Are you aware about different scheme of loans	8 (7.0)	11 (9.6)	21 (18.3)	33 (28.7)	30 (26.1)	12 (10.4)
Are you aware about subsidy on interest rate	4 (3.5)	22 (19.1)	22 (19.1)	34 (29.6)	25 (21.7)	8 (7.0)
Are you aware about Subsidy on loan	5 (4.3)	14 (12.2)	26 (22.6)	41 (35.7)	22 (19.1)	7 (6.1)
Are you aware about margin money requirement for the loan	4 (3.5)	12 (10.4)	25 (21.7)	39 (33.9)	22 (19.1)	13 (11.3)
Are you aware about security requirement for the loan	7 (6.1)	19 (16.5)	14 (12.2)	31 (27.0)	27 (23.5)	17 (14.8)

The descriptive analysis (Mean, Std. Deviation) table 6.17 are estimated for different statements related to awareness problem in taking different types of loans in Priority Sector Lending.

Table 6.17 Descriptive Analysis and One way Anova of Awareness Problems.

Awareness	Type of loan	Mean	Std. Deviation	F
Are you aware about interest rate charge by different banks? (AV1)	Agriculture	3.33	1.37	23.045 (0.00)
	SSI	3.78	1.22	
	Other	4.39	1.27	
Are you aware about different scheme of loans? (AV2)	Agriculture	3.59	1.30	2.42 (0.09)
	SSI	3.88	1.32	
	Other	3.89	1.37	
Are you aware about subsidy on interest rate? (AV3)	Agriculture	3.73	1.37	1.14 (0.32)
	SSI	3.94	1.49	
	Other	3.68	1.29	

Are you aware about Subsidy on loan? (AV4)	Agriculture	3.48	1.24	2.07 (0.13)
	SSI	3.75	1.27	
	Other	3.71	1.21	
Are you aware about margin money requirement for the loan? (AV5)	Agriculture	3.52	1.31	3.71 (0.03)
	SSI	3.89	1.44	
	Other	3.89	1.26	
Are you aware about security requirement for the loan? (AV6)	Agriculture	3.58	1.43	2.02 (0.13)
	SSI	3.84	1.37	
	Other	3.90	1.47	

The result as shown in table 6.17 indicates that the mean scores of all the statement related to awareness problems are more than 3 but less than 4. This indicates that customers are now aware about different aspects of PSL loans but awareness level is low. In order to find whether there is any difference in awareness level among different types of loans or not, one way ANOVA is applied.

H 18.4*: "There exists no signify cant difference among type of loan and awareness level."*

The result of one way ANOVA is shown in table 6.17 above. The result of one way ANOVA indicates that the p value of F statistic is found to be more than 5 percent level of significance except (AV1 and AV5). Thus with 95 percent level of confidence null hypothesis can be accepted. In case of AV1 awareness about interest rate is less in Agriculture PSL (3.33) as compare to SSI (3.78) and Other PSL (4.39). In case of V5 awareness about margin money requirement is low in Agriculture PSL (3.52) than SSI PSL (3.89) and Other PSL (3.89).

6.14. PRE SANCTION VISIT:

In order to sanction the loans the bank officials need to visit the beneficiary place in order to check the credit worthiness of beneficiary, sometimes one visit is enough to sanction the loan, however sometimes many visits are required. The numbers of visits may also depends upon the type of loan in PSL. In the study the effort is done in order to study the relationship between type of loan and frequency of visits at beneficiary's

place before sanctioning the loans. Chi Square test is applied in order to test the null hypothesis mentioned below:

H 18.5*: "There exists no significant association between type of loan in PSL and number of visits before sanctioning the loans.*"

Table 6.18. Frequency Distribution and Chi Square test of Pre Sanction Visit

		How many time bank official visits to your place pre sanction the loan?						Total	Pearson X^2 Statistic (p value)	Cramer Statistic (p value)
		1 time	2 times	3 times	4 times	5 times	6 times			
Type of loan	Agriculture	134	23	6	7	6	4	180	2.389 (.992)	.055 (0.992)
	SSI	78	13	5	3	3	3	105		
	Other	90	10	4	5	4	2	115		
Total		302	46	15	15	13	9	400		

The results of the X^2 statistic is shown in table 6.18. The results of X^2 statistic indicate that the probability of Pearson X^2 statistic is found to be 0.992. Since the P value of X^2 statistic is more than 5 percent level of significance, hence the null hypothesis can be accepted. Hence it can be concluded that same number of visits of bank officials on beneficiaries place is done in all type of loans.

6.15. POST SANCTION VISIT:

In the study the effort is done in order to study the relationship between type of loan and frequency of visits at beneficiary's place after sanctioning the loans. Chi Square test is applied in order to test the null hypothesis mentioned below:

H 18.6*: "There exists no significant association between type of loan in PSL and number of visits after sanctioning the loans."*

Table 6.19. Frequency Distribution and Chi Square test of Post Sanction Visit

		How many time bank managers visit to your place post sanction the loan?						Total	Pearson X^2 Statistic (p value)	Cramer Statistic (p value)
		Never	Yearly	Quarterly	Monthly	Fortnightly	Weekly			
Type of loan	Agriculture	98	51	10	7	8	6	180	17.489 (.064)	.048 (0.064)
	SSI	76	26	2	1	0	0	105		
	Other	65	31	5	4	7	3	115		
Total		239	108	17	12	15	9	400		

The results of the X^2 statistic is shown in table 6.19. The results of X^2 statistic indicate that the probability of Pearson X^2 statistic is found to be 0.064. Since the P value of X^2 statistic is more than 5 percent level of significance, hence the null hypothesis can be accepted. Hence it can be concluded that same number of visits of bank officials on beneficiaries place is done in all type of loans.

6.16. REMINDER FOR INSTALMENT:

Whenever the instalment is due, bank officials have to send reminder to the customer. In order to check whether there is association between the frequency of reminder and type of loan, Chi Square test is being done as shown in Table 6.20.

H 18.7*: "There exists no significant association among type of loan and reminder for installment."*

Table 6.20. Frequency Distribution and Chi Square test of Reminder for Instalment

		At the time of repayment of loan is reminder letter/mails/call/visit send to you?					Total	Pearson X^2 Statistic (p value)	Cramer Statistic (p value)
		never	Rarely	sometimes	mostly	always			
Type of loan	Agriculture	60	9	6	44	61	180	5.958 (.652)	.086 (.652)
	SSI	37	6	4	24	34	105		

	Other	51	7	6	20	31	115		
Total		148	22	16	88	126	400		

The results of the X^2 statistic is shown in table 6.20. The results of X^2 statistic indicate that the probability of Pearson X^2 statistic is found to be 0.652. Since the P value of X^2 statistic is more than 5 percent level of significance, hence the null hypothesis can be accepted. Hence it can be concluded that same number of reminders are being sent in all type of loans.

6.17. REPAYMENT SCHEDULE:

There are various options available with customers for the repayment of loan. In order to check that is there any significant association between type of loan and repayment schedule Chi Square test is being done. The results are as under in table 6.21.

H 18.8: *"There exists no significant association among type of loan and repayment schedule.*"

Table 6.21. Frequency Distribution and Chi Square test of Repayment Schedule

		How you have to pay back the instalments of loan?					Total	Pearson X^2 Statistic (p value)	Cramer Statistic (p value)
		Weekly	Monthly	Quarterly	Half Yearly	Yearly			
Type of loan	Agri-culture	0	83	0	97	0	180	195.128 (.000)	.494 (.000)
	SSI	0	73	14	0	18	105		
	Other	12	78	11	4	10	115		
Total		12	234	25	101	28	400		

The results of the X^2 statistic is shown in table 6.21. The results of X^2 statistic indicate that the probability of Pearson X^2 statistic is found to be 0.000. Since the P value of X^2 statistic is less than 5 percent level of significance, hence the null hypothesis cannot be accepted. Hence it can be concluded that repayment schedule is different in different type of loans.

6.18. CONVENIENT REPAYMENT SCHEDULE:

Banks officials have to make repayment schedule according to the convience of customers. In order to check the opinion of customer about convience of repayment schedule a scale statement has been made. The frequency distribution of convenient repayment schedule is shown in table 6.22.

Table 6.22: Frequency Distribution of Convenient Repayment Schedule				
Banks consider your convenience while making the repayment schedule				
Agriculture				
Never	Rarely	Sometimes	mostly	Always
121 (67.2)	45 (25.0)	6 (3.3)	5 (2.8)	3 (1.7)
SSI				
29 (27.6)	14 (13.3)	15 (14.3)	28 (26.7)	19 (18.1)
Other				
80 (69.6)	33 (28.7)	2 (1.7)	0	0

In order to find whether there is any difference in repayment schedule convenience and among different types of loans or not, one way ANOVA is applied.

H 18.9*: "There exists no significant difference among type of loan and repayment schedule convenience."*

Table 6.23

Descriptive Analysis and One way Anova of Convenient Repayment Schedule.

		Mean	Std. Deviation	F
Banks consider your convenience while making the repayment schedule	Agriculture	1.47	.828	87.607 (0.00)
	SSI	2.94	1.499	
	Other	1.36	.665	

The result of one way ANOVA as shown in table 6.23 indicates that the p value of F statistic is found to be less than 5 percent level of significance. Thus with 95 percent level of confidence null hypothesis cannot be accepted. Thus it can be concluded that SSI beneficiaries believe that banks make the repayment schedule sometimes

according to their convenience while Agriculture and Other PSL beneficiaries believe that banks make the repayment schedule rarely according to their convenience.

6.19. DIVERSION OF LOAN:

Diversion of loans means use of loan money for other purpose than it is actually taken. Frequency distributions of statements related to diversion of loans are shown as under in table 6.24:

Table 6.24 Frequency Distribution of Diversion of Loan

Agriculture					
	Never	Rarely	Sometimes	Mostly	Always
You use your loan for paying old debts	0	0	141	31	8
You use your loan for extension of project	2	1	106	71	0
You use your loan for social Ceremonies	12	3	117	34	14
You use your loan for Further Investment	110	62	3	3	2
SSI					
	Never	Rarely	Sometimes	Mostly	Always
You use your loan for paying old debts	58	32	14	1	0
You use your loan for extension of project	84	21	0	0	0
You use your loan for social Ceremonies	26	61	18	0	0
You use your loan for Further Investment	65	35	2	2	1
Other					
	Never	Rarely	Sometimes	Mostly	Always
You use your loan for paying old debts	1	0	87	22	5

You use your loan for extension of project	9	24	70	10	2
You use your loan for social Ceremonies	48	39	28	0	0
You use your loan for Further Investment	65	43	3	3	1

The descriptive analysis (Mean, Std. Deviation) are estimated for different statements related to diversion of loan in taking different types of loans in Priority Sector Lending.

Table 6.25 Descriptive Analysis and One Way ANOVA of Diversion of Loan

		Mean	Std. Deviation	F
You use your loan for paying old debts (DV1)	Agriculture	3.26	0.53	286.35 (0.00)
	SSI	1.60	0.75	
	Other	3.26	0.58	
You use your loan for extension of other project (DV2)	Agriculture	3.37	0.56	433.79 (0.00)
	SSI	1.20	0.40	
	Other	2.76	0.79	
You use your loan for social Ceremonies. (DV3)	Agriculture	3.19	0.87	137.68 (0.00)
	SSI	1.92	0.65	
	Other	1.83	0.80	
You use your loan for Further Investment. (DV4)	Agriculture	1.47	0.72	0.37 (0.69)
	SSI	1.47	0.72	
	Other	1.54	0.75	

The result as shown in table 6.25 indicates that the mean scores of all the statement related to diversion of loans for other purpose than it is actually taken for agriculture is more than 3 in case of Agriculture except DV4. It indicates that the agriculture loans are being used for other purpose than it is actually taken except DV4. The results also indicate that diversion of loans in SSI and Other PSL is less. To verify this one way ANOVA is applied.

H 18.10: "*There exists no significant difference among type of loan and diversion of loan.*"

The result of one way ANOVA (table 6.25) indicates that the p value of F statistic is found to be less than 5 percent level of significance except V4. Thus with 95 percent level of confidence null hypothesis cannot be accepted. Thus it can be concluded that in agriculture sector there is more diversion of loans for other paying old debts, for extension of other projects and for social ceremonies.

6.20. BANK OFFICIALS BEHAVIOUR:

To judge the behaviour of bank officials towards customers of PSL various statements has been asked from the customers. Frequency distribution of various statements is shown below in table 6.26.

Table 6.26 Frequency Distribution of Bank official Behaviour

		Strongly Dis-agree	Dis-agree	Some-what Dis-agree	Some-what agree	Agree	Strongly Agree	Total
Bank officials initiatives, to create awareness about the scheme	Agri-culture	52	82	46	0	0	0	180
	SSI	9	18	1	26	39	12	105
	Other	22	34	9	32	17	1	115
Bank officials provided guidance	Agri-culture	14	86	69	8	2	1	180
	SSI	0	20	10	43	32	0	105
	Other	0	55	30	27	2	1	115
Bank officials are cooperative	Agri-culture	0	112	68	0	0	0	180
	SSI	0	22	27	38	12	6	105
	Other	14	42	45	11	2	1	115
Bank	Agri-	0	60	80	40	0	0	180

officials knowledge about different scheme	culture							
	SSI	0	7	32	50	11	5	105
	Other	0	21	49	38	5	2	115
Bank official help in fulfilling formalities	Agri-culture	16	105	55	4	0	0	180
	SSI	1	11	12	37	44	0	105
	Other	7	37	36	21	13	1	115

The descriptive analysis (Mean, Std. Deviation) are estimated for different statements related to behaviour of bank officials as shown in table 6.27.

Table 6.27

Descriptive Analysis and One Way ANOVA of Bank Officials Behaviour

		Mean	Std. Deviation	F
Bank official's initiatives, to create awareness about the scheme. (BBV1)	Agriculture	1.97	0.74	96.00 (0.00)
	SSI	3.99	1.52	
	Other	2.92	1.42	
Bank officials provided guidance. (BBV2)	Agriculture	2.45	0.79	77.57 (0.00)
	SSI	3.83	1.07	
	Other	2.82	0.91	
Bank officials help in fulfilling formalities. (BBV3)	Agriculture	2.26	0.65	130.15 (0.00)
	SSI	4.07	1.02	
	Other	2.99	1.14	
Bank officials are cooperative. (BBV4)	Agriculture	2.38	0.49	70.19 (0.00)
	SSI	3.55	1.12	
	Other	2.55	0.95	
Bank official's knowledge about different schemes. (BBV5)	Agriculture	2.89	0.74	37.46 (0.00)
	SSI	3.76	0.90	
	Other	3.29	0.88	

The result indicates that the mean scores of all the statement related to bank officials behaviour are less than 3 in case of Agriculture PSL loans. This indicates that in the scale of 1 to 6 most of the agriculture customers are not satisfied with the behaviour of bank officials. The results also indicate that mean score of all the statements are more than 3 in case of SSI customers. This shows that SSI PSL loan holders are satisfy with the behaviour of bank officials. In case of Other PSL loans customers are not satisfy with the behaviour of banker except V5. In order to find whether there is any difference in perception of customers for bank official's behaviour in different types of loans or not, one way ANOVA is applied.

H 18.11*: "There exists no significant difference among type of loan and customers perception for behaviour of bankers."*

The result of one way ANOVA indicates that the p value of F statistic is found to be less than 5 percent level of significance. Thus with 95 percent level of confidence null hypothesis cannot be accepted. Thus it can be concluded that one way ANOVA test also verify that customers perception for bankers behaviour is different in different type of customers. Agriculture and Other PSL customers are less satisfied than the SSI PSL customers.

6.21. INCREASE IN INCOME, EMPLOYMENT AND STATUS:

To check the perception of customers about increase in income, employment and status due to PSL loans various statement has been made. Frequency distribution of this statement is as under in table 6.28:

Table 6.28. Frequency Distribution of Income, Employment and Status

		Strongly Disagree	Dis-agree	Some-what Dis-agree	Some-what agree	Agree	Strong-ly Agree	Total
This loans increase your income	Agri-culture	0	16	30	81	30	23	180
	SSI	6	12	18	42	16	11	105
	Other	0	12	18	53	18	14	115
This loans increase	Agri-culture	17	32	17	57	49	8	180

your employment	SSI	8	20	10	34	28	5	105
	Other	9	22	12	36	31	5	115
This loans increase your status	Agri-culture	14	26	35	56	35	14	180
	SSI	8	17	20	32	20	8	105
	Other	8	17	24	35	22	9	115

The descriptive analysis (Mean, Std. Deviation) are estimated for different statements related to Income, Employment and Status as shown in table 6.29.

Table 6.29

Descriptive and One Way Anova of Income, Employment and Status

		Mean	Std. Deviation	F
This loans increase your income	Agriculture	4.08	1.10	2.17 (0.12)
	SSI	3.79	1.30	
	Other	4.03	1.11	
This loans increase your employment	Agriculture	3.63	1.41	0.02 (0.99)
	SSI	3.66	1.38	
	Other	3.63	1.38	
This loans increase your status	Agriculture	3.63	1.36	0.02 (0.98)
	SSI	3.60	1.37	
	Other	3.63	1.35	

The mean score for all the statements related to Income, Employment and Status in all type of loans is more than 3. It indicates that the all type of customers believe that PSL loans help in increasing income, employment and status. In order to find whether there is any difference in type of loans and increase in Income, Employment and Status one way ANOVA is applied.

H 18.12: *"There exists no significant difference among type of loan and increase in income, employment and status."*

The result of one way ANOVA indicates that the p value of F statistic is found to be more than 5 percent level of significance. Thus with 95 percent level of confidence

null hypothesis can be accepted. Thus it can be concluded that all type of customers believe that such loans help in increasing income, employment and status.

6.22. ON TIME INSTALMENT PAYMENT:

In the study the effort is done in order to study the relationship between type of loan and on time instalment payment. Chi Square test is applied in order to test the null hypothesis mentioned below:

H 18.13*: "There exists no significant association between type of loan and on time instalment payment."*

Table 6.30

Frequency Distribution and Chi Square Test of On Time Instalment Payment.

		Are you paying instalments on time?		Total	Pearson X^2 Statistic (p value)	Cramer Statistic (p value)
		Yes	No			
Type of loan	Agriculture	71	109	180	60.481 (0.000)	0.389 (0.000)
	SSI	89	16	105		
	Other	75	40	115		
Total		235	165	400		

The results of the X^2 statistic is shown in table 6.30. The results of X^2 statistic indicate that the probability of Pearson X^2 statistic is found to be 0.000. Since the P value of X^2 statistic is less than 5 percent level of significance, hence the null hypothesis cannot be accepted. Hence it can be concluded that there exists significant association between type of loan and on time instalment payment. It is clear from table 6.30 that the frequency of Agriculture customers of paying instalments is less. So it can be said that agriculture customers are not paying instalments on time.

.

6.23 REASONS OF DELAY IN PAYING INSTALMENT:

Table 6.30 shows that out of 400 customers 165 customers are not paying instalment on time. From these 165 customers majorly (109) belong from Agriculture PSL loans. Various statements related to reasons of delay in paying in instalment have been included in the questionnaire. Frequency distribution of these statements is shown below in Table 6.31.

Table 6.31. Frequency distribution of Reasons of Delay in Paying Instalment								
		Strongly Disagree	Dis-agree	Some-what Dis-agree	Some-what agree	Agree	Strong-ly Agree	Total
If no, the reason is less income	Agri-culture	1	1	1	42	34	30	109
	SSI	1	2	1	5	5	2	16
	Other	0	3	7	14	8	8	40
If no, the reason is not follow up by bankers	Agri-culture	1	19	32	41	16	0	109
	SSI	0	4	7	5	0	0	16
	Other	3	17	11	7	2	0	40
If no, the reason is unsuitable payment Schedules	Agri-culture	0	31	39	27	10	2	109
	SSI	3	8	4	1	0	0	16
	Other	3	20	13	4	0	0	40
If no, the reason is hoping for wave off	Agri-culture	1	12	24	46	21	5	109
	SSI	8	7	1	0	0	0	16
	Other	15	24	1	0	0	0	40
If no, the reason is purchase of Defective Asset	Agri-culture	0	22	30	49	6	2	109
	SSI	3	3	2	5	3	0	16
	Other	4	11	8	12	3	2	40

Descriptive analysis and one way Anova test of different statement has been done as shown in table 6.32.

Table 6.32 Descriptive and One Way Anova of Reasons of Delaying in Paying Instalments.

		Mean	Std. Deviation	F
If no, the reason is less income	Agriculture	4.83	.912	6.703
	SSI	4.06	1.436	
	Other	4.28	1.198	(.002)
If no, the reason is not follow up by bankers	Agriculture	3.50	.952	10.665
	SSI	3.06	.772	
	Other	2.70	1.018	(.000)
If no, the reason is unsuitable payment Schedules	Agriculture	3.21	1.014	14.871
	SSI	2.19	.834	
	Other	2.45	.783	(.000)
If no, the reason is hoping for wave off	Agriculture	3.82	1.049	106.636
	SSI	1.56	.629	
	Other	1.65	.533	(.000)
If no, the reason is purchase of Defective Asset	Agriculture	3.41	.938	1.219
	SSI	3.13	1.455	
	Other	3.13	1.324	(.298)

'Reason of delay payment is less income' the mean score for this statement is 4 in all cases. It means all type of loan customers are somewhat agree that they make delay in payment due to less income. 'Reason of delay payment is not follow up by the bankers' the mean score of this statement is less than 4 at a scale of 6 in all cases so it can be said that all customers are somewhat disagree for this statement. 'Reason of delay payment is unsuitable payment schedule' the mean score of this statement is less than 3 for SSI and other customers; so SSI and Other PSL customers are disagree that this is a reason but Agriculture customers are somewhat disagree for this statement. 'Reason of delay payment is hoping for wave off' the mean score of this statement is less than 2 for SSI and Other PSL; so SSI and Other PSL customer are disagree that hope for wave off. But for this the Agriculture customer score is 3.82 so Agriculture customers are somewhat agree that make delay for wave off. 'Reason of delay payment is purchase of defective assets' the mean score of this statement is less than 4 but more than 3 for all type of customer so it can be said that all type of

customers are somewhat disagree that reasons for delay in payment is purchase of defective assets. In order to find whether there is any difference in type of loans and reasons of delay in payment one way ANOVA is applied.

H 18.14: *"There exists no significant difference among type of loan and reasons of delay in payment."*

The result of one way ANOVA indicates that the p value of F statistic is found to be more than 5 percent level of significance except for purchase of defective assets as shown in table 6.32. Thus with 95 percent level of confidence null hypothesis can be accepted.

6.24. SATISFACTION FROM SERVICES OF BANKS:

Frequency distribution of Satisfaction from services of banks is as follows in table 6.33.

Table 6.33. Frequency Distribution of Satisfaction of Services of Banks?

	Highly Unsatisfactory	Unsatisfactory	Somewhat unsatisfactory	Somewhat satisfactory	Satisfactory	Highly Satisfactory	Total
Agriculture	0	6	71	91	12	0	180
SSI	0	0	3	31	60	11	105
Other	0	2	42	54	15	2	115

In order to find whether there is any difference in type of priority sector loans and satisfaction of beneficiaries from services of banks one way ANOVA is applied.

H 18.15: *"There exists no significant difference among type of loan and satisfaction from services of banks."*

Table 6.34

Descriptive and One Way Anova of Satisfaction from Services of Banks

		Mean	Std. Deviation	F
How would you rate the services of banks?	Agriculture	3.61	0.66	95.42 (0.00)
	SSI	4.75	0.68	
	Other	3.77	0.76	

The result of one way ANOVA indicates that the p value of F statistic is found to be less than 5 percent level of significance. Thus with 95 percent level of confidence null hypothesis cannot be accepted. The p value of rating of beneficiaries for services of banks is less than 5 percent level of significance (Table 6.34). It indicates that beneficiaries rating for services of banks are different. Agriculture and Other beneficiaries are somewhat satisfied with the services of banks while SSI beneficiaries are satisfied.

6.25. Satisfaction from Loan:

Frequency distribution from satisfaction from loan is shown below in Table 6.35.

Table 6.35 Frequency Distribution of Satisfaction from Loan

	Highly Unsatis-factory	Unsatis-factory	Some-what unsatis-factory	Somewhat satisfactory	Satis-factory	Highly Satis-factory	Total
Agriculture PSL	7	3	20	79	69	2	180
SSI PSL	10	26	31	25	13	0	105
Other PSL	5	21	55	16	16	2	115

In order to find whether there is any difference in type of priority sector loans and satisfaction of beneficiaries from loans one way ANOVA is applied.

H 18.16: *"There exists no significant difference among type of loan and satisfaction from loans."*

Table 6.36 Descriptive and One Way Anova of Satisfaction from Loan

		Mean	Std. Deviation	F
Up to what extent, the loan granted by bank was able to meet your expectation? (V2)	Agriculture	4.14	0.97	46.22 (0.00)
	SSI	3.05	1.17	
	Other	3.2	1.09	

Table 6.36 indicates that Agriculture PSL beneficiaries are satisfied with the expectation of loan, and SSI and Other PSL beneficiaries are somewhat satisfy with the expectation of loans.

6.26. OVERALL SATISFACTION:

The frequency distribution of overall satisfaction from banks is shown below in Table 6.37.

Table 6.37 Frequency Distribution of Overall Satisfaction							
	Highly Unsatis-factory	Unsatis-factory	Some-what unsatis-factory	Somewhat satisfactory	Satis-factory	Highly Satis-factory	Total
Agriculture PSL	0	4	16	109	51	0	180
SSI PSL	0	0	11	65	29	0	105
Other PSL	0	2	39	61	12	1	115

In order to find whether there is any difference in type of priority sector loans and overall satisfaction of beneficiaries from banks one way ANOVA is applied.

H 18.17*: "There exists no significant difference among type of loan and overall satisfaction from banks."*

Table 6.38 Descriptive and One Way Anova of Overall Satisfaction from Banks				
		Mean	Std. Deviation	F
Where you judge the overall satisfaction from banks? (V3)	Agriculture	4.15	0.66	15.98 (0.00)
	SSI	4.17	0.6	
	Other	3.75	0.7	

Table 6.38 indicates that p value of rating of beneficiaries for overall satisfaction is less than 5 percent level of significance. It indicates that beneficiaries overall satisfaction from PSL are different. SSI and Agriculture beneficiaries are overall more satisfied than Other PSL beneficiaries.

It can be concluded that customers of PSL are facing various problems like procedural problems, Insufficiency of Loans, bribes, less awareness, inconvenient repayment schedule, diversion of loan, bank officials problems etc. These problems are different in Agriculture PSL, SSI PSL and Other PSL. Procedural problems are more faced by SSI PSL as compare to Agriculture PSL customers and Other PSL customers. Insufficiency of loans problem is there with Other PSL customers. Bribes problems are there in Agriculture PSL and Other PSL. Awareness problems are there with Agriculture PSL customers. Inconvenient repayment schedule problem is there with

Agriculture and Other PSL customers. Diversion of loan problem is more in Agriculture PSL customers. Bank officials behavioral problems are faced by Agriculture and Other PSL customers. Delay in instalment problem is there with the agriculture customers. It can be concluded that Agriculture PSL, SSI PSL and Other PSL customers are facing different problems. But major problems are there in Agriculture and Other PSL sector. So banks should take preventive measure to solve the problems of these sectors.

CHAPTER - VII
ANALYSIS OF PROBLEMS FACED BY BANK OFFICIALS FOR PSL

In the research study problems faced by bank offiicals is analyzed with the help of exploratory factor analyis. As PSL is broadly classified among 3 types. So problems related to each type of PSL loan is analyzed differently. Each Bank official have to deal with all the three type of loan. So views of bank officials are taken about all the there type of PSL Loans. The whole chapter is organized as follows: Factor affecting Agriculture PSL from banker's view, Factor affecting SSI PSL from bankers view, Factor affecting Other PSL from bankers view and Comparative Analysis among Agriculture PSL, SSI PSL and Other PSL with respect to Identified Factors

7.1. FACTOR AFFECTING AGRICULTURE PSL FROM BANKER'S VIEW:

In the research study the efforts is done to analyse the problems of the bank officials regarding Agriculture Priority Sector Lending in Delhi/NCR. In the study the primary data is collected from the bank officers with the help of self-designed questionnaire. The 23 statements related to possible reasons of low preference of PSL are included in the questionnaire. The exploratory factor analysis is applied on the responses in order to identify the latent factors which influence the Agriculture PSL.

Table 7.1 Kaiser-Meyer-Olkin results shows that measure of sampling adequacy is 0.806 which shows that the sample size of the study is adequate. The exploratory factor analysis is useful for the variables where significant level of correlation among the variables exists. The Bartlett's test checks the correlation matrix of the variables and test the null hypothesis that the correlation matrix of the variables is an identity matrix.

The result of the Bartlett's test (Table 7.1) indicates that the p value of Bartlett's test of sphericity statistic (0.000) is less than five percent level of significance hence the null hypothesis that the correlation matrix of the variables is an identity matrix cannot be accepted. Hence it can be concluded that there exist significant correlation between the selected variables and it is not an identity matrix. This indicates that the exploratory factor analysis can be done on the data collected from the respondents.

Table7.1. Agriculture PSL KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.806
Bartlett's Test of Sphericity	Approx. Chi-Square	1263.459
	Df	253
	Sig.	.000

The communalities mean the ratio of every variable's variance with the principal components (latent variable). It can be also explained as the total of squared factor loadings. The communalities are shown in the table 7.2 of each variable. General rule is this that for a valid EFA, the communalities of each variable should not be less than .5. The communalities of all the variables is found to more than 50 percent for all variables. So it can be said that all communalities are valid.

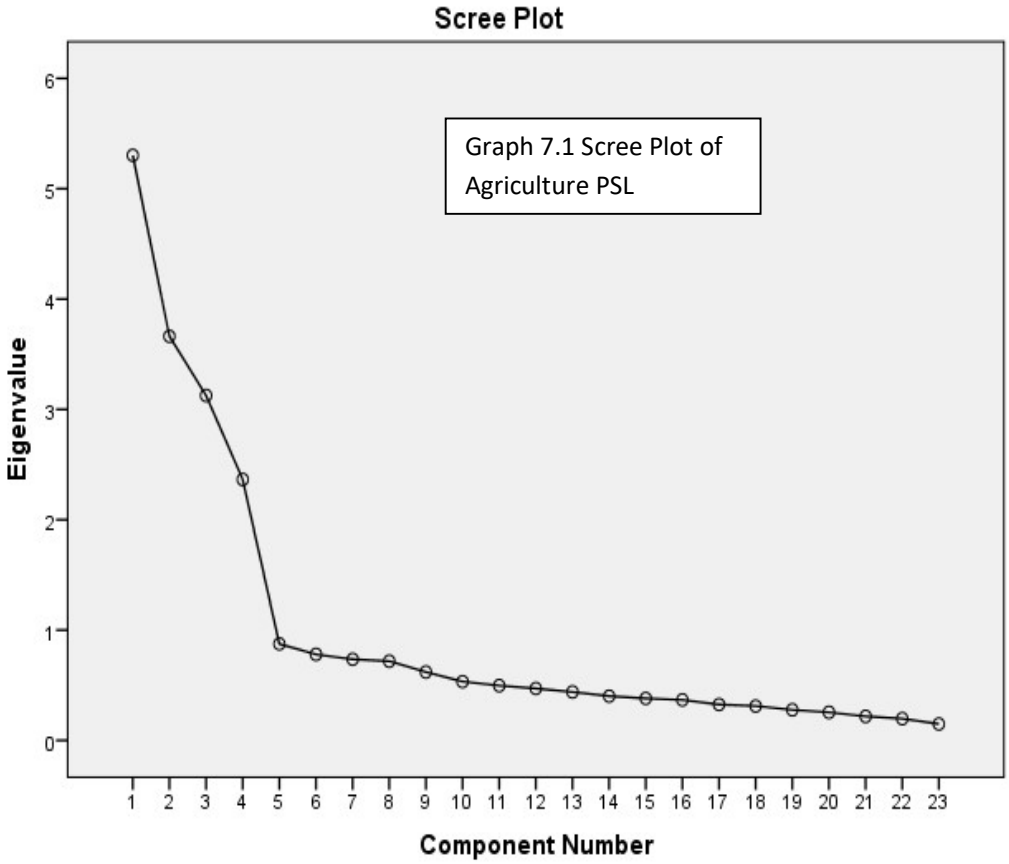
Table 7.2. Communalities of Agriculture PSL		
	Initial	Extraction
No of Accounts are more in Priority Sector Lending FB1	1.000	.555
No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	1.000	.614
No of visits post sanctioning loans are more in Priority Sector Lending. FB3	1.000	.547
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	1.000	.708
Your bank organize special events for increasing PSL loans. FB5	1.000	.535
Priority sector loans increase work burden. FB6	1.000	.547
The borrower having political or social reference get loan early. FC1	1.000	.691
Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	1.000	.662
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	1.000	.705

For fulfilling the target non PSL loans are also classified as PSL. FC4	1.000	.682
Recovery in PSL is difficult. FA1	1.000	.637
Borrower spent amount on social ceremonies FA2	1.000	.716
Borrower use loans for paying old debts FA3	1.000	.589
Loan amount is not adequate for borrow need FA4	1.000	.639
Defective project appraisal FA5	1.000	.543
Borrower purchase defective assets FA6	1.000	.629
Lack of follow up by bank officials FA7	1.000	.526
Loss from the activity financed FA8	1.000	.539
In Priority Sector Lending there is more wilful default. FA9	1.000	.402
Number of account consideration can motivate bank employees for more priority sector advances FD1	1.000	.756
Reward can motivate bank employees for more priority sector advances FD2	1.000	.738
Incentive can motivate bank employees for more priority sector advances FD3	1.000	.764
Due to Priority sector advance net income to the banks is less FD4	1.000	.732
Extraction Method: Principal Component Analysis.		

All 23 variables are reduced in four main factors. General rule says that only those factors can be considered, which have more than one Eigen value. Eigen values of each factors are calculated after rotation. For rotation the varimax orthogonal is applied. Four factors explain 62 percent of variance. Table 7.3 indicates that first factor explains the 21 percent of the variance, second factor explains 14 percent, Third factor explain 13 percent of variance and fourth variable explain the 13 percent of variance of total variance explained by the factors. After identification of factors, factors are named on the basis of variables of factor.

Table 7.3.Total Variance Explained of Agriculture PSL									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.303	23.055	23.055	5.303	23.055	23.055	5.041	21.918	21.918
2	3.663	15.924	38.979	3.663	15.924	38.979	3.280	14.260	37.178
3	3.126	13.590	52.569	3.126	13.590	52.569	3.069	13.341	49.519
4	2.365	10.282	62.851	2.365	10.282	62.851	3.066	13.332	62.851
5	.874	3.801	66.652						
6	.780	3.390	70.042						
7	.735	3.196	73.238						
8	.718	3.122	76.360						
9	.620	2.694	79.054						
10	.533	2.317	81.371						
11	.496	2.158	83.529						
12	.470	2.045	85.574						
13	.439	1.908	87.482						
14	.401	1.743	89.225						
15	.381	1.656	90.881						
16	.367	1.595	92.476						
17	.326	1.415	93.891						
18	.311	1.354	95.245						
19	.277	1.203	96.448						
20	.254	1.106	97.554						
21	.217	.946	98.499						
22	.197	.855	99.354						
23	.148	.646	100.000						
Extraction Method: Principal Component Analysis.									

The scree plot is the graphical representation of the estimated Eigen values of all the extracted components (factors). However, all the extracted components are not useful for the study. Hence the components with Eigen values more than 1 are considered for the further study. The scree plot representing the eigen value of the extracted components is shown below in fig.



Framed on the basis of Table 7.3

The extracted components are rotated orthogonally in order to have better explanation of the factor loadings of the variables with the factors. The varimax orthogonal rotation is used in the study. The rotated component matrix table contains the rotated factor loadings, which are the correlations between the variable and the factor. Because these are correlations coefficients, possible values of it ranges from -1 to +1. The results indicate that the twenty three variables can be clubbed into four factors. These four factors are named as

A. **NPA and Recovery Problem**
B. **Increase Work Burden**
C. **Political, social and target pressure**

D. Motivation and Others

Table 7.4 shows the rotated factor matrix with the identified factors.

Table 7.4. Agriculture PSL Rotated Component Matrix[a]

	Component			
	1	2	3	4
Borrower spent amount on social ceremonies FA3	**.833**	.057	.113	.077
Recovery in PSL is difficult. FA2	**.789**	.106	.062	.000
Loan amount is not adequate for borrow need FA5	**.787**	.139	-.001	-.021
Borrower purchase defective assets FA7	**.778**	.015	.138	-.066
Borrower use loans for paying old debts FA4	**.758**	.109	.026	.047
Lack of follow up by bank officials FA8	**.719**	-.067	.062	-.034
Loss from the activity financed FA9	**.717**	-.127	-.056	.079
Defective project appraisal FA6	**.707**	.071	.184	.066
In Priority Sector Lending there is more wilful default. FA1	**.584**	-.067	-.196	-.133
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	.136	**.818**	-.067	-.123
No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	-.013	**.749**	.204	.105
No of Accounts are more in Priority Sector Lending FB1	.010	**.734**	-.095	.088
Your bank organize special events for increasing PSL loans. FB5	-.009	**.725**	-.040	-.090
No of visits post sanctioning loans are more in Priority Sector Lending. FB3	.010	**.707**	.213	-.043
Priority sector loans increase work burden. FB6	.062	**.620**	.395	.054
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	-.039	.042	**.837**	.030
The borrower having political or social reference get loan early. FC1	.093	.101	**.820**	-.018
For fulfilling the target non PSL loans are also classified as PSL. FC4	.078	.086	**.818**	-.010

Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	.103	.057	**.788**	.163
Number of account consideration can motivate bank employees for more priority sector advances FD2	.048	-.034	-.082	**.864**
Incentive can motivate bank employees for more priority sector advances FD4	-.033	.030	.133	**.863**
Due to Priority sector advance net income to the banks is less FD1	.036	.002	.031	**.854**
Reward can motivate bank employees for more priority sector advances FD3	-.037	-.027	.084	**.854**
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 5 iterations.				

Description of the Extracted Factors

To measure the scale, the researcher, has included many related variables in the questionnaire. After the collection the data from the bankers it is found that some of the variables are highly correlated with each other and these highly correlated variables are clubbed together into few latent construct using EFA. In the present study twenty three variables related to adoption are included in the questionnaire. In present study the variables having high factor loading with the factors on the basis of similarities of the variables to the extracted factor are analysed in the following tables. The different extracted factors along with the variables having high factors loading are shown below in tables.

7.1.1. NPA and Recovery Problem (Factor A):

The first factor is named as "**NPA and Recovery Problem**". This factor has high factor loading (21.918) from nine variables. The reliability of the factor is found to be 0.895 which ensures the presence of internal consistency.

Table 7.5: NPA and Recovery Problem in Agriculture PSL				
FACTOR 1	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
NPA and Recovery Problem	FA3	Borrower spent amount on social ceremonies FA3	**.833**	**0.895**
	FA2	Recovery in PSL is difficult. FA2	**.789**	
	FA5	Loan amount is not adequate for borrow need FA5	**.787**	
	FA7	Borrower purchase defective assets FA7	**.778**	
	FA4	Borrower use loans for paying old debts FA4	**.758**	
	FA8	Lack of follow up by bank officials FA8	**.719**	
	FA9	Loss from the activity financed FA9	**.717**	
	FA6	Defective project appraisal FA6	**.707**	
	FA1	In Priority Sector Lending there is more wilful default. FA1	**.584**	

This factor represents how Agriculture PSL of banks affected by NPA and recovery problems. Recovery in Agriculture PSL is difficult (.789). Recovery problem are there because borrower spent amount on social ceremonies (.833), loan amount is not adequate for borrow need (.787), borrower purchase defective assets (.778). This factor explains that recovery in Agriculture PSL is difficult and in PSL sector there is more wilful default.

7.1.2. Increase Work Burden (Factor B):

The second factor is named as "**Increase Work Burden**". This factor has high factor loading (14.260) from six variables. The reliability of the factor is found to be 0.829 which ensures the presence of internal consistency.

Table 7.6. Increase Work Burden in Agriculture PSL

FACTOR 2	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Increase Work Burden	FB4	For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	**.818**	**0.829**
	FB2	No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	**.749**	
	FB1	No of Accounts are more in Priority Sector Lending FB1	**.734**	
	FB5	Your bank organizes special events for increasing PSL loans. FB5	**.725**	
	FB3	No of visits post sanctioning loans are more in Priority Sector Lending. FB3	**.707**	
	FB6	Priority sector loans increase work burden. FB6	**.620**	

This factor represents how Agriculture PSL increase work burden of bank employees. PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Agriculture Priority Sector Lending (.818), Number of visits pre sanctioning loans are more in Priority Sector Lending (.749) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.725).

7.1.3. Political, social and target pressure (Factor C):

The third factor is named as "**Political, social and target pressure**". This factor has high factor loading (13.341) from four variables. The reliability of the factor is found to be 0.851 which ensures the presence of internal consistency.

Table 7.7. Political, Social and Target Pressure Problem in Agriculture PSL				
FACTOR 3	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Political, social and target pressure	FC3	For fulfilling the target you need to disburse such kind of advances which are not good. FC3	**.837**	**0.851**
	FC1	The borrower having political or social reference get loan early. FC1	**.820**	
	FC4	For fulfilling the target non PSL loans are also classified as PSL. FC4	**.818**	
	FC2	Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	**.788**	

This factor represents how much political social and target pressure is there on bank employees while disbursing Agriculuture PSL loans. For fulfilling the Agriculture PSL target bankers need to disburse such kind of advances which are not good (.837). The borrower having political or social reference get loan early (.820). For fulfilling the target non PSL loans are also classified as PSL (.818). Due to political or social reference, banks have to disburse such kind of advances which are not good (.728).

7.1.4. Motivation and others (Factor D):

Remaining all variables are catergorised as factor "**Motivation and Others**". This factor has high factor loading (13.332) from four variables. The reliability of the factor is found to be 0.884 which ensures the presence of internal consistency.

Table 7.8. Motivation and Other Factor in Agriculture PSL				
FACTOR 4	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Others	FD2	Number of account consideration can motivate bank employees for more priority sector advances FD2	**.864**	**0.884**
	FD4	Incentive can motivate bank employees for more priority sector advances FD4	**.863**	
	FD1	Due to Priority sector advance net income to the banks is less FD1	**.854**	
	FD3	Reward can motivate bank employees for more priority sector advances FD3	**.854**	

This factor show how bankers can be motivated to increase Agriculture PSL and how Agriculture PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.864), FD4 shows incentive can motivate bank employees for more priority sector advances (.863) and FD3 shows that reward can motivate bank employees for more priority sector advances (.854). Apart from this, this factor also shows that due to Agriculture priority sector advance net income to the banks is less (.854).

7.2. FACTOR ANALYSIS OF SSI PSL FROM BANKERS VIEW

In the research study the efforts is done to analyse the problems of the bank officials regarding SSI Priority Sector Lending in Delhi/NCR. In the study the primary data is collected from the bank officers with the help of self-designed questionnaire. The 23 statements related to possible reasons of low preference of PSL are included in the questionnaire. The exploratory factor analysis is applied on the responses in order to identify the latent factors which influence the PSL.

EFA reduce the number of variables by clubbing the variables in to factors. EFA test the correlations of variables among themselves and club those variables which are highly correlated with each other. This is done by seeking underlying unobservable variables/ latent variable in to observed variables/manifest variables. There are various statistical tools to do factor analysis like generalized least squares, principal axis factor, unweighted least squares and maximum likelihood. Rotation can also be done by many ways like Varimax and Equimax and promax. For Factor analysis large sample size is required. Basis of Factor analysis is matrix of the variables of the study, and for correlations generally a large data set is required.

Table 7.9 represents the results of factor analysis. The KMO value is .825 which indicates that the data sample size is adequate in the study. The exploratory factor analysis is useful for the variables where significant level of correlation among the variables exists. The Bartlett's test checks the correlation matrix of the variables and test the null hypothesis that the correlation matrix of the variables is an identity matrix.

The result of the Bartlett's test indicates that the p value of Bartlett's test of sphericity statistic (0.000) is less than five percent level of significance hence the null hypothesis that the correlation matrix of the variables is an identity matrix cannot be accepted. Hence it can be concluded that there exist significant correlation between the selected variables and it is not an identity matrix. This indicates that the exploratory factor analysis can be done on the data collected from the respondents.

Table 7.9. KMO and Bartlett's Test of SSI PSL

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.825
Bartlett's Test of Sphericity	Approx. Chi-Square	1352.728
	Df	253
	Sig.	.000

The communalities mean the ratio of every variable's variance with the principal components (latent variable). It can be also explained as the total of squared factor loadings. The communalities are shown in the table 7.2 of each variable. General rule

is this that for a valid EFA, the communalities of each variable should not be less than .5. The communalities of all the variables is found to more than 50 percent for all variables. So it can be said that all communalities are valid.

Table 7.10. Communalities of SSI PSL		
	Initial	Extraction
No of Accounts are more in Priority Sector Lending FB1	1.000	.694
No of visits pre sanctioning loans are more in Priority Sector Lending. FB2	1.000	.639
No of visits post sanctioning loans are more in Priority Sector Lending. FB3	1.000	.704
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	1.000	.615
Your bank organizes special events for increasing PSL loans. FB5	1.000	.708
Priority sector loans increase work burden. FB6	1.000	.596
The borrower having political or social reference get loan early. FC1	1.000	.739
Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	1.000	.737
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	1.000	.742
For fulfilling the target non PSL loans are also classified as PSL. FC4	1.000	.682
In Priority Sector Lending there is more wilful default. FA1	1.000	.604
Recovery in PSL is difficult. FA2	1.000	.624
Borrower spent amount on social ceremonies FA3	1.000	.706
Borrower use loans for paying old debts FA4	1.000	.623
Loan amount is not adequate for borrow need FA5	1.000	.619
Defective project appraisal FA6	1.000	.565
Borrower purchase defective assets FA7	1.000	.622
Lack of follow up by bank officials FA8	1.000	.497
Loss from the activity financed FA9	1.000	.515

Due to Priority sector advance net income to the banks is less FD1	1.000	.624
Number of account consideration can motivate bank employees for more priority sector advances FD2	1.000	.459
Reward can motivate bank employees for more priority sector advances FD3	1.000	.607
Incentive can motivate bank employees for more priority sector advances FD4	1.000	.631
Extraction Method: Principal Component Analysis.		

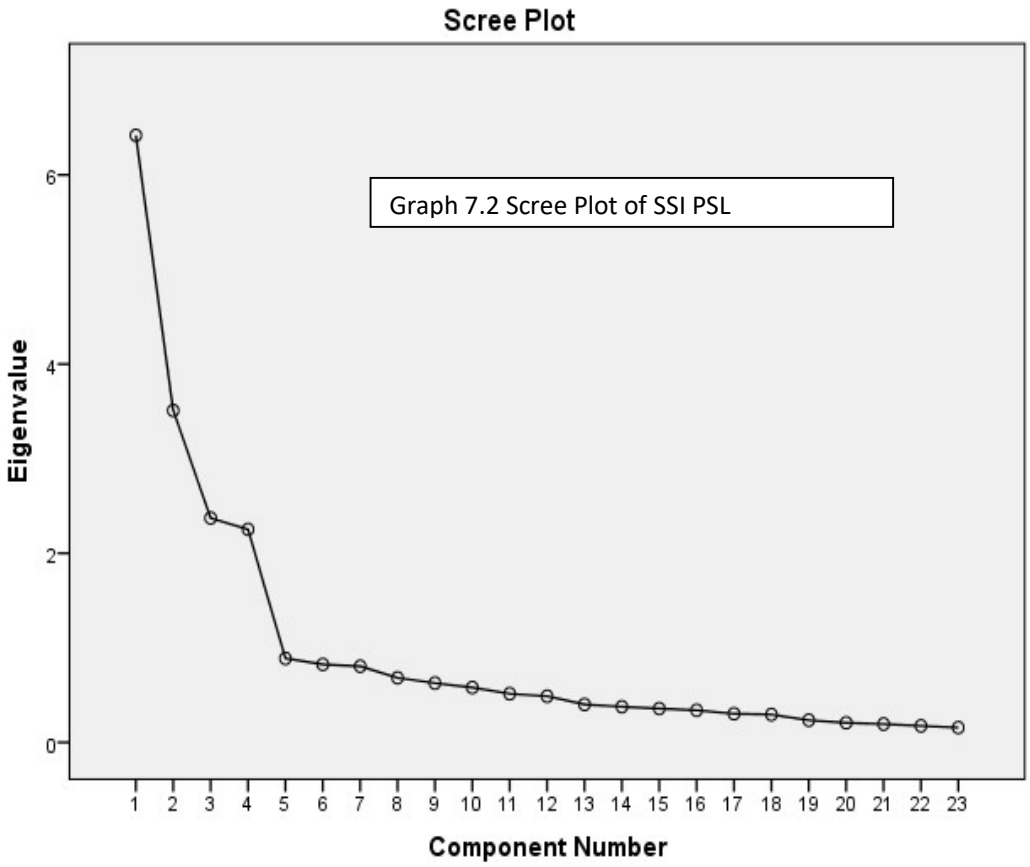
All 23 variables are reduced in four main factors. General rule says that only those factors can be considered, which have more than one Eigen value. Eigen values of each factor are calculated after rotation. For rotation the varimax orthogonal is applied. Four factors explain 63 percent of variance. Table 7.11 indicates that first factor explains the 27 percent of the variance, second factor explains 15 percent, Third factor explain 10 percent of variance and fourth variable explain the 9 percent of variance of total variance explained by the factors. After identification of factors, factors are named on the basis of variables of factor.

Table 7.11. Total Variance Explained of SSI PSL

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.419	27.909	27.909	6.419	27.909	27.909	5.367	23.333	23.333
2	3.509	15.259	43.168	3.509	15.259	43.168	3.794	16.494	39.827
3	2.372	10.313	53.481	2.372	10.313	53.481	2.842	12.355	52.182
4	2.252	9.793	63.274	2.252	9.793	63.274	2.551	11.092	63.274
5	0.888	3.86	67.134						
6	0.824	3.581	70.716						
7	0.805	3.5	74.215						
8	0.682	2.967	77.182						

9	0.627	2.725	79.907						
10	0.58	2.521	82.428						
11	0.514	2.235	84.663						
12	0.488	2.121	86.784						
13	0.401	1.743	88.526						
14	0.377	1.639	90.165						
15	0.358	1.558	91.723						
16	0.34	1.478	93.201						
17	0.303	1.318	94.52						
18	0.295	1.281	95.801						
19	0.235	1.02	96.82						
20	0.207	0.9	97.721						
21	0.193	0.841	98.562						
22	0.175	0.76	99.322						
23	0.156	0.678	100						
Extraction Method: Principal Component Analysis.									

The scree plot is the graphical representation of the estimated Eigen values of all the extracted components (factors). However, all the extracted components are not useful for the study. Hence the components with Eigen values more than 1 are considered for the further study. The scree plot representing the eigen value of the extracted components is shown below in fig. 7.2



Framed on the basis of Table 7.11

The extracted components are rotated orthogonally in order to have better explanation of the factor loadings of the variables with the factors. The varimax orthogonal rotation is used in the study. The rotated component matrix table contains the rotated factor loadings, which are the correlations between the variable and the factor. Because these are correlations coefficients, possible values of it ranges from -1 to +1. The results indicate that the twenty three variables can be clubbed into four factors. These four factors are named as:

A. **NPA and Recovery Problem**

B. **Increase Work Burden**

C. **Political, social and target pressure**

D. **Motivation and Others**

Table 7.12 shows the rotated component matrix..

Table 7.12. SSI PSL Rotated Component Matrix[a]				
	Component			
	1	2	3	4
Borrower spent amount on social ceremonies FA3	**.830**	.023	.126	-.028
Borrower use loans for paying old debts FA4	**.781**	.068	.075	.057
Borrower purchase defective assets FA7	**.771**	.141	.079	-.022
Loan amount is not adequate for borrow need FA5	**.771**	.069	-.021	.137
Recovery in PSL is difficult. FA2	**.754**	.105	.201	.060
In Priority Sector Lending there is more wilful default. FA1	**.745**	.105	.173	.091
Defective project appraisal FA6	**.733**	-.029	.030	.160
Lack of follow up by bank officials FA8	**.684**	.111	.074	.107
Loss from the activity financed FA9	**.682**	.032	.146	.166
Your bank organize special events for increasing PSL loans. FB5	-.090	**.836**	.012	-.038
No of Accounts are more in Priority Sector Lending FB1	.020	**.830**	.061	-.035
No of visits post sanctioning loans are more in Priority Sector Lending. FB3	.062	**.790**	.119	.248
No of visits pre sanctioning loans are more in Priority Sector Lending. FB2	.103	**.789**	-.007	.083
Priority sector loans increase work burden. FB6	.238	**.727**	-.021	-.101
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	.207	**.719**	.093	-.215
The borrower having political or social reference get loan early. FC1	.093	.022	**.833**	.190

Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	.185	-.072	**.830**	.097
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	.132	.123	**.818**	-.202
For fulfilling the target non PSL loans are also classified as PSL. FC4	.181	.135	**.793**	.047
Incentive can motivate bank employees for more priority sector advances FD4	.101	.002	.030	**.787**
Reward can motivate bank employees for more priority sector advances FD3	.073	-.064	.016	**.773**
Due to Priority sector advance net income to the banks is less FD1	.211	.061	.085	**.754**
Number of account consideration can motivate bank employees for more priority sector advances FD2	.086	-.033	.008	**.671**
Extraction Method is Principal Component Analysis. Rotation Method is Varimax with Kaiser Normalization.				
Rotation converged in 5 iterations.				

Description of the Extracted Factors

7.2.1. NPA and Recovery Problem of SSI PSL (Factor A):

The first factor is named as "**NPA and Recovery Problem**". This factor has high factor loading (23.333) from nine variables. The reliability of the factor is found to be 0.912 which ensures the presence of internal consistency.

Table 7.13. NPA and Recovery Problem in SSI PSL

FACTOR 1	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
NPA and Recovery Problem	FA3	Borrower spent amount on social ceremonies FA3	**.830**	**0.912**
	FA4	Borrower use loans for	**.781**	

		paying old debts FA4		
	FA7	Borrower purchase defective assets FA7	**.771**	
	FA5	Loan amount is not adequate for borrow need FA5	**.771**	
	FA2	Recovery in PSL is difficult. FA2	**.754**	
	FA1	In Priority Sector Lending there is more wilful default. FA1	**.745**	
	FA6	Defective project appraisal FA6	**.733**	
	FA8	Lack of follow up by bank officials FA8	**.684**	
	FA9	Loss from the activity financed FA9	**.682**	

This factor represents how SSI PSL of banks affected by NPA and recovery problems. Recovery in SSI PSL is difficult (.754). Recovery problem are there because borrower spent amount on social ceremonies (.830), loan amount is not adequate for borrow need (.771), borrower purchase defective assets (.771). This factor explains that how much recovery in SSI PSL is difficult and in PSL sector there is more wilful default.

7.2.2. Increase Work Burden in SSI PSL (Factor B):

The second factor is named as "**Increase Work Burden**". This factor has high factor loading (16.494) from six variables. The reliability of the factor is found to be 0.879 which ensures the presence of internal consistency.

Table 7.14 Increase Work Burden in SSI PSL

FACTOR 2	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Increase Work	FB5	Your bank organize special events for increasing PSL	**.836**	**0.879**

Burden		loans. FB5		
	FB1	No of Accounts are more in Priority Sector Lending FB1	**.830**	
	FB3	No of visits post sanctioning loans are more in Priority Sector Lending. FB3	**.790**	
	FB2	No of visits pre sanctioning loans are more in Priority Sector Lending. FB2	**.789**	
	FB6	Priority sector loans increase work burden. FB6	**.727**	
	FB4	For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	**.719**	

This factor represents how SSI PSL increase work burden of bank employees. PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending (.719), Number of visits pre sanctioning loans are more in Priority Sector Lending (.789) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.790).

7.2.3. Political, social and target pressure in SSI PSL (Factor C):

The third factor is named as "**Political, social and target pressure**". This factor has high factor loading (12.355) from four variables. The reliability of the factor is found to be 0.855 which ensures the presence of internal consistency.

Table 7.15. Political, Social and Target Pressure in SSI PSL

FACTOR 3	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Political, social and	FC1	The borrower having political or social reference	**.833**	**0.855**

target		get loan early. FC1		
pressure	FC2	Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	**.830**	
	FC3	For fulfilling the target you need to disburse such kind of advances which are not good. FC3	**.818**	
	FC4	For fulfilling the target non PSL loans are also classified as PSL. FC4	**.793**	

This factor represents how much political social and target pressure is there on bank employees while disbursing SSI PSL loans. For fulfilling the SSI PSL target bankers need to disburse such kind of advances which are not good (.818). The borrower having political or social reference get loan early (.833). For fulfilling the target non PSL loans are also classified as PSL (.818). Due to political or social reference, banks have to disburse such kind of advances which are not good (.830).

7.2.4. Motivation and Others in SSI PSL (Factor D):

Remaining all variables are catergorised as factor " **Motivation and Others**". This factor has high factor loading (11.092) from four variables. The reliability of the factor is found to be 0.764 which ensures the presence of internal consistency.

Table 7.16. Motivation and Others Variables in SSI PSL

FACTOR 4	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Others	FD4	Incentive can motivate bank employees for more priority sector advances FD4	**.787**	**0.764**
	FD3	Reward can motivate bank	**.773**	

		employees for more priority sector advances FD3		
	FD1	Due to Priority sector advance net income to the banks is less FD1	**.754**	
	FD2	Number of account consideration can motivate bank employees for more priority sector advances FD2	**.671**	

This factor show how bankers can be motivated to increase SSI PSL and how SSI PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.671), FD4 shows incentive can motivate bank employees for more priority sector advances (.787) and FD3 shows that reward can motivate bank employees for more priority sector advances (.773). Apart from this, this factor also shows that due to SSI priority sector advance net income to the banks is less (.754).

7.3. FACTOR AFFECTING OTHER PSL FROM BANKERS VIEW

In the research study the efforts is done to analyse the problems of the bank officials regarding Other Priority Sector Lending in Delhi/NCR. In the study the primary data is collected from the bank officers with the help of self-designed questionnaire. The 23 statements related to possible reasons of low preference of PSL are included in the questionnaire. The exploratory factor analysis is applied on the responses in order to identify the latent factors which influence the PSL.

EFA reduce the number of variables by clubbing the variables in to factors. EFA test the correlations of variables among themselves and club those variables which are highly correlated with each other. This is done by seeking underlying unobservable variables/ latent variable in to observed variables/manifest variables. There are various statistical tools to do factor analysis like generalized least squares, principal axis factor, unweighted least squares and maximum likelihood. Rotation can also be done by many ways like Varimax and Equimax and promax. For Factor analysis large

sample size is required. Basis of Factor analysis is matrix of the variables of the study, and for correlations generally a large data set is required.

Table 7.17 shows the result of factor analysis. The KMO measure of sampling adequacy statistic is 0829 which indicates that the sample size used in the research study is adequate. The exploratory factor analysis is useful for the variables where significant level of correlation among the variables exists. The Bartlett's test checks the correlation matrix of the variables and test the null hypothesis that the correlation matrix of the variables is an identity matrix.

The result of the Bartlett's test indicates that the p value of Bartlett's test of sphericity statistic (0.000) is less than five percent level of significance hence the null hypothesis that the correlation matrix of the variables is an identity matrix cannot be accepted. Hence it can be concluded that there exist significant correlation between the selected variables and it is not an identity matrix. This indicates that the exploratory factor analysis can be done on the data collected from the respondents.

Table 7.17. KMO and Bartlett's Test of Other PSL

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.829
Bartlett's Test of Sphericity	Approx. Chi-Square	1639.403
	Df	253
	Sig.	.000

The communalities can be defined as the proportion of each variable's variance that can be explained by the principal components (e.g., the underlying latent variable). It is also defined as the sum of squared factor loadings. The communalities of the variables including in the analysis is shown in the table 7.18. For a significant exploratory factor analysis it is required that the communalities of the included variables must be more than 50 percent. It means at least 50 percent of the variance of the variables can be explained by the extracted factors. The results indicate that the communalities of all the variables are significant and higher than 50 percent for all the included variables.

Table 7.18. Communalities of Other PSL		
	Initial	Extraction
No of Accounts are more in Priority Sector Lending FB1	1.000	.652
No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	1.000	.624
No of visits post sanctioning loans are more in Priority Sector Lending.FB3	1.000	.713
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending.FB4	1.000	.527
Your bank organize special events for increasing PSL loans.FB5	1.000	.593
Priority sector loans increase work burden.FB6	1.000	.595
The borrower having political or social reference get loan early.FC1	1.000	.689
Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	1.000	.756
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	1.000	.734
For fulfilling the target non PSL loans are also classified as PSL. FC4	1.000	.709
In Priority Sector Lending there is more wilful default.FA1	1.000	.779
Recovery in PSL is difficult. FA2	1.000	.794
Borrower spent amount on social ceremonies FA3	1.000	.754
Borrower use loans for paying old debts FA4	1.000	.764
Loan amount is not adequate for borrow need FA5	1.000	.660
Defective project appraisal FA6	1.000	.640
Borrower purchase defective assets FA7	1.000	.700
Lack of follow up by bank officials FA8	1.000	.641
Loss from the activity financed FA9	1.000	.587
Due to Priority sector advance net income to the banks is less FD1	1.000	.661
Number of account consideration can motivate bank employees for more priority sector advances FD2	1.000	.677

Reward can motivate bank employees for more priority sector advances FD3	1.000	.713
Incentive can motivate bank employees for more priority sector advances FD4	1.000	.663
Extraction Method: Principal Component Analysis.		

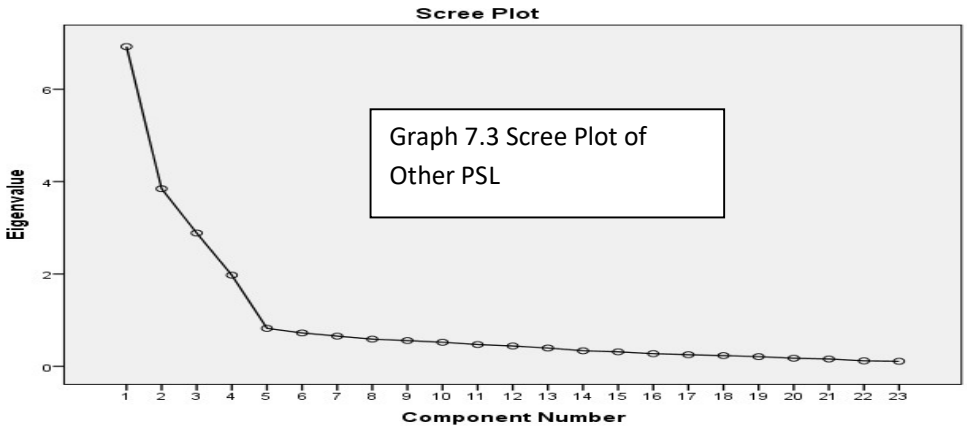
All 23 variables are reduced in four main factors. General rule says that only those factors can be considered, which have more than one Eigen value. Eigen values of each factor are calculated after rotation. For rotation the varimax orthogonal is applied. Four factors explain 67 percent of variance. Table 7.19 indicates that first factor explains the 30 percent of the variance, second factor explains 16 percent, Third factor explain 12 percent of variance and fourth variable explain the 8 percent of variance of total variance explained by the factors. After identification of factors, factors are named on the basis of variables of factor.

Table 7.19. Total Variance Explained of Other PSL

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.922	30.096	30.096	6.922	30.096	30.096	6.262	27.226	27.226
2	3.845	16.717	46.813	3.845	16.717	46.813	3.662	15.92	43.146
3	2.886	12.547	59.36	2.886	12.547	59.36	2.952	12.834	55.98
4	1.975	8.585	67.946	1.975	8.585	67.946	2.752	11.966	67.946
5	0.823	3.578	71.524						
6	0.724	3.147	74.671						
7	0.655	2.847	77.519						
8	0.59	2.564	80.082						
9	0.559	2.432	82.514						
10	0.521	2.267	84.781						
11	0.472	2.054	86.835						

12	0.441	1.916	88.751						
13	0.397	1.728	90.479						
14	0.338	1.468	91.948						
15	0.314	1.367	93.315						
16	0.275	1.196	94.511						
17	0.253	1.1	95.611						
18	0.234	1.016	96.627						
19	0.21	0.915	97.542						
20	0.177	0.768	98.309						
21	0.159	0.692	99.002						
22	0.119	0.52	99.521						
23	0.11	0.479	100						
Extraction Method: Principal Component Analysis.									

The scree plot is the graphical representation of the estimated Eigen values of all the extracted components (factors). However, all the extracted components are not useful for the study. Hence the components with Eigen values more than 1 are considered for the further study. The scree plot representing the eigen value of the extracted components is shown below in graph 7.3.



Graph 7.3 Scree Plot of Other PSL

Framed on the basis of Table7.19

The extracted components are rotated orthogonally in order to have better explanation of the factor loadings of the variables with the factors. The varimax orthogonal rotation is used in the study. The rotated component matrix table contains the rotated

factor loadings, which are the correlations between the variable and the factor. Because these are correlations coefficients, possible values of it ranges from -1 to +1. The results indicate that the twenty three variables can be clubbed into four factors. These four factors are named as:

A. NPA and Recovery Problem

B. Increase Work Burden

C. Political, social and target pressure

D. Motivation and Others

The Table 7.20 shows the rotated factor with variable of the identified factors.

Table 7.20. Other PSL, Rotated Component Matrix[a]

	Component			
	1	2	3	4
Recovery in PSL is difficult. FA2	**.871**	.148	.117	.006
In Priority Sector Lending there is more wilful default.FA1	**.862**	.182	.061	-.007
Borrower use loans for paying old debts FA4	**.850**	.166	.116	.019
Borrower purchase defective assets FA7	**.831**	-.007	.082	-.056
Borrower spent amount on social ceremonies FA3	**.826**	.147	.222	.008
Lack of follow up by bank officials FA8	**.796**	-.038	.049	.064
Loan amount is not adequate for borrow need FA5	**.792**	.099	.053	.140
Defective project appraisal FA6	**.785**	-.098	.118	.003
Loss from the activity financed FA9	**.755**	.047	.046	.117
No of visits post sanctioning loans are more in Priority Sector Lending.FB3	.042	**.815**	.138	.167
No of Accounts are more in Priority Sector Lending FB1	-.034	**.805**	-.048	-.039
No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	.107	**.779**	-.041	-.066
Your bank organize special events for increasing PSL loans.FB5	-.043	**.767**	-.011	-.045
Priority sector loans increase work burden.FB6	.147	**.742**	-.149	.016

For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending.FB4	.267	**.659**	-.002	-.149
Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	.178	-.061	**.841**	.115
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	.152	.039	**.840**	.063
For fulfilling the target non PSL loans are also classified as PSL. FC4	.138	-.127	**.814**	.109
The borrower having political or social reference get loan early.FC1	.083	.022	**.806**	.181
Number of account consideration can motivate bank employees for more priority sector advances FD2	-.018	-.047	.018	**.821**
Reward can motivate bank employees for more priority sector advances FD3	.091	-.040	.212	**.812**
Incentive can motivate bank employees for more priority sector advances FD4	-.023	-.100	.140	**.796**
Due to Priority sector advance net income to the banks is less FD1	.144	.082	.093	**.791**
Extraction Method is Principal Component Analysis. Rotation Method is Varimax, Kaiser Normalization.				
a. Rotation converged in 5 iterations.				

Description of the Extracted Factors

To measure the scale, the researcher, has included many related variables in the questionnaire. After the collection the data from the bankers it is found that some of the variables are highly correlated with each other and these highly correlated variables are clubbed together into few latent construct using EFA. In the present study twenty three variables related to adoption are included in the questionnaire. In present study the variables having high factor loading with the factors on the basis of similarities of the variables to the extracted factor are analysed in the following tables.

The different extracted factors along with the variables having high factors loading are shown below in tables.

7.3.1. NPA and Recovery Problem in Other PSL (Factor A):

The first factor is named as "**NPA and Recovery Problem**". This factor has high factor loading (27.226) from nine variables. The reliability of the factor is found to be 0.943 which ensures the presence of internal consistency.

Table 7.21. NPA And Recovery Problem in Other PSL

FACTOR 1	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
NPA and Recovery Problem	FA2	Recovery in PSL is difficult. FA2	.871	**0.943**
	FA1	In Priority Sector Lending there is more wilful default.FA1	.862	
	FA4	Borrower use loans for paying old debts FA4	.850	
	FA7	Borrower purchase defective assets FA7	.831	
	FA3	Borrower spent amount on social ceremonies FA3	.826	
	FA8	Lack of follow up by bank officials FA8	.796	
	FA5	Loan amount is not adequate for borrow need FA5	.792	
	FA6	Defective project appraisal FA6	.785	
	FA9	Loss from the activity financed FA9	.755	

This factor represents how Other PSL of banks affected by NPA and recovery problems. Recovery in Other PSL is difficult (.871). Recovery problem are there because borrower spent amount on social ceremonies (.826), loan amount is not

adequate for borrow need (.792), borrower purchase defective assets (.831). This factor explains that how much recovery in Other PSL is difficult and in Other PSL sector there is more willful default.

7.3.2. Increase Work Burden in Other PSL (Factor B):

The second factor is named as "**Increase Work Burden**". This factor has high factor loading (15.92) from six variables. The reliability of the factor is found to be 0.860 which ensures the presence of internal consistency.

Table 7.22. Increase Work Burden in Other PSL

FACTOR 2	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Increase Work Burden	FB3	No of visits post sanctioning loans are more in Priority Sector Lending.FB3	.815	**0.860**
	FB1	No of Accounts are more in Priority Sector Lending FB1	.805	
	FB2	No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	.779	
	FB5	Your bank organize special events for increasing PSL loans.FB5	.767	
	FB6	Priority sector loans increase work burden.FB6	.742	
	FB4	For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending.FB4	.659	

This factor represents how Othe PSL increase work burden of bank employees. Other PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending (.659), Number of visits pre

sanctioning loans are more in Priority Sector Lending (.779) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.815).

7.3.3. Political, social and target pressure in Other PSL (Factor C):

The third factor is named as "**Political, social and target pressure**". This factor has high factor loading (12.834) from four variables. The reliability of the factor is found to be 0.869 which ensures the presence of internal consistency.

Table 7.23. Political, social and target pressure in Other PSL

FACTOR 3	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Political, social and target pressure	FC2	Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	.841	**0.869**
	FC3	For fulfilling the target you need to disburse such kind of advances which are not good. FC3	.840	
	FC4	For fulfilling the target non PSL loans are also classified as PSL. FC4	.814	
	FC1	The borrower having political or social reference get loan early.FC1	.806	

This factor represents how much political social and target pressure is there on bank employees while disbursing Other PSL loans. For fulfilling the Other PSL target bankers need to disburse such kind of advances which are not good (.840). The borrower having political or social reference get loan early (.806). For fulfilling the

target non PSL loans are also classified as PSL (.840). Due to political or social reference, banks have to disburse such kind of advances which are not good (.841).

7.3.4. Motivation and Other variables in Other PSL (Factor D):

Remaining all variables are catergorised as factor "**Motivation and Others**". This factor has high factor loading (11.966) from four variables. The reliability of the factor is found to be 0.834 which ensures the presence of internal consistency.

Table 7.24. Motivation and Other variables in Other PSL

FACTOR 4	ITEM NO.	ITEM DETAILS	**Factor Loading**	**Cron bach alpha**
Others	FD2	Number of account consideration can motivate bank employees for more priority sector advances FD2	.821	**0.834**
	FD3	Reward can motivate bank employees for more priority sector advances FD3	.812	
	FD4	Incentive can motivate bank employees for more priority sector advances FD4	.796	
	FD1	Due to Priority sector advance net income to the banks is less FD1	.791	

This factor show how bankers can be motivated to increase Other PSL and how Other PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.821), FD4 shows incentive can motivate bank employees for more priority sector advances (.796) and FD3 shows that reward can motivate bank employees for more priority sector advances (.812). Apart from this, this factor also shows that due to other priority sector advance net income to the banks is less (.791).

7.4. COMPARATIVE ANALYSIS AMONG AGRICULTURE PSL, SSI PSL AND OTHER PSL WITH RESPECT TO IDENTIFIED FACTORS:

Comparative Analysis among Agriculture PSL, SSI PSL and Other PSL with respect to Identified Factors is being done with the help of following hypothesis:

H 19*:* "*There exists no significant difference among type of loan and problems faced by bank officials."*

As the problems faced by bank officials are divided in 4 factors. So following sub hypothesis is being checked to evaluate the problems of bank officials.

H 19.1*:* "There is no significance difference in the mean scores of all the statement related to NPA and recovery problem of bank officials among Agriculture PSL, SSI PSL and Other PSL."

H 19.2*: "There is no significance difference in the mean scores of all the statement related to Increase Work Burden problem* of bank officials *among Agriculture PSL, SSI PSL and Other PSL."*

H 19.3*: "There is no significance difference in the mean scores of all the statement related to Political, Social and Target pressure problem of bank officials among Agriculture PSL, SSI PSL and Other PSL."*

H 19.4*: "There is no significance difference in the mean scores of all the statement related to others problems of bank officials among Agriculture PSL, SSI PSL and Other PSL."*

7.4.1. Factor A NPA and Recovery Problem: In the research study a comparative analysis is done among 3 categories (Agriculture PSL, SSI PSL and Other PSL) of PSL with respect to first factor (NPA and Recovery Problem). The primary data is collected from the bankers working with different banks selected in Delhi/NCR with the help of self designed questionnaire. In the factor NPA and Recovery Problem there are 9 variables. In the study one way ANOVA is applied in order to test the hypothesis that the problem related to NPA and Recovery is same in case of Agriculture PSL, SSI PSL and Other PSL. The null hypothesis of one way ANOVA is mentioned below:

H 19.1*:* "There is no significance difference in the mean scores of all the statement related to NPA and recovery problem of bank officials among Agriculture PSL, SSI PSL and Other PSL."

The result of one way ANOVA is shown below:

Table 7.25. Descriptive and One Way ANOVA of Factor A NPA and Recovery Problem				
		Mean	Std. Deviation	F (p value)
In Priority Sector Lending there is more wilful default.FA1	Agri	4.152	1.149	3.223 (0.041)
	SSI	3.732	1.237	
	Other	3.875	1.376	
Recovery in PSL is difficult. FA2	Agri	4.214	1.173	1.891 (0.15)
	SSI	3.884	1.265	
	Other	4.027	1.378	
Borrower spent amount on social ceremonies FA3	Agri	4.259	1.002	6.389 (0.002)
	SSI	3.750	1.197	
	Other	3.857	1.161	
Borrower use loans for paying old debts FA4	Agri	3.723	1.141	1.078 (0.341)
	SSI	3.723	1.246	
	Other	3.929	1.235	
Loan amount is not adequate for borrow need FA5	Agri	3.839	1.036	3.576 (0.029)
	SSI	3.455	1.185	
	Other	3.527	1.200	
Defective project appraisal FA6	Agri	3.661	1.018	0.364 (0.695)
	SSI	3.580	1.144	
	Other	3.536	1.162	
Borrower purchase defective assets FA7	Agri	3.813	1.018	3.519 (0.031)
	SSI	3.429	1.105	
	Other	3.643	1.130	
Lack of follow up by bank officials FA8	Agri	3.929	0.898	5.213 (0.006)
	SSI	3.554	1.106	
	Other	3.527	1.107	
Loss from the activity financed FA9	Agri	3.625	1.356	2.396 (0.093)
	SSI	3.589	1.119	
	Other	3.902	1.004	

The result of one way ANOVA indicates that the probability value of all the statements except (FA2, FA4, FA6 and FA9) is found to be less than five percent level of significance. Hence with 95 percent confidence level the null hypothesis of no significant difference cannot be accepted. Hence it can be concluded that NPA and Recovery problem are significant different in Agriculture PSL, SSI PSL and Other PSL.

FA1: In the study it is found that willful default is highest in case of Agriculture PSL as compare to SSI and Other PSL. The mean score of the statement is found to be 4.152 which is highest as compare to SSI (3.732) and Other PSL (3.872). In the study it is observed that bankers believe that farmers have a tendency to delay the payments and in most of the cases of default is willful.

FA3: In the study it is found that in case of Agriculture PSL borrower use the loan more for social ceremonies (in spite of the purpose it was actually taken) as compare to SSI and Other PSL. The mean score of the statement is found to be 4.259 which is highest as compare to SSI (3.750) and Other PSL (3.857).

FA5: It is found that in case of Agriculture loans loan amount is comparatively not adequate.

FA7: It is also found that in case of Agriculture PSL borrower purchase defective assets.

FA8: It is also found that the reason of non recovery in Agriculture PSL is purchase of defective assets.

Apart from the above mention statements in FA2, FA4, FA6 and FA9 the probability value is found to be more than five percent level of significance. Hence with 95 percent confidence level the null hypothesis of no significant difference can be accepted.

So FA2, FA4, FA6 and FA9 problems are similar in all types of PSL. Bank officials believe that in PSL recovery is difficult. There perception is same regarding the usage of loans for paying old debts. One of Reasons of NPA is loss from the activity financed in all PSL. In all PSL reason of NPA is defective project appraisal.

.

7.4.2. Factor B Increase Work Burden:

In the study one way ANOVA is applied in order to test the hypothesis that the problem related to Increase Work Burden is same in case of Agriculture PSL, SSI PSL and Other PSL. The null hypothesis of one way ANOVA is mentioned below:

H: *"There is no significance difference in the mean scores of all the statement related to Increase Work Burden problem* of bank officials *among Agriculture PSL, SSI PSL and Other PSL."*

The result of one way ANOVA is shown below:

Table 7.26. Descriptive and One Way Anova of Factor B Increase Work Burden

		Mean	Std. Deviation	F (p value)
No of Accounts are more in Priority Sector Lending FB1	Agriculture	4.679	1.059	1.450 (.236)
	SSI	4.491	1.115	
	Other	4.438	1.161	
No of visits pre sanctioning loans are more in Priority Sector Lending.FB2	Agriculture	4.286	0.874	0.489 (.614)
	SSI	4.384	1.084	
	Other	4.411	1.018	
No of visits post sanctioning loans are more in Priority Sector Lending. FB3	Agriculture	4.482	0.920	0.379 (.685)
	SSI	4.375	1.023	
	Other	4.473	1.115	
For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending. FB4	Agriculture	4.670	1.043	2.621 (.074)
	SSI	4.330	1.134	
	Other	4.500	1.147	
Your bank organizes special events for increasing PSL loans. FB5	Agriculture	4.670	0.962	2.054 (.130)
	SSI	4.384	1.125	
	Other	4.536	1.073	
Priority sector loans increase work burden. FB6	Agriculture	3.875	0.807	0.346 (.708)
	SSI	3.982	1.065	
	Other	3.955	1.110	

The result of one way ANOVA indicates that the probability value of all the statements is found to be more than five percent level of significance. Hence with 95 percent confidence level the null hypothesis of no significant difference can be accepted. Hence it can be concluded that Increase Work Burden problems are similar in Agriculture PSL, SSI PSL and Other PSL.

7.4.3. Factor C Political, Social and Target pressure:

In the study one way ANOVA is applied in order to test the hypothesis that the problem related to Political, Social and Target pressure is same in case of Agriculture PSL, SSI PSL and Other PSL. The null hypothesis of one way ANOVA is mentioned below:

H: *"There is no significance difference in the mean scores of all the statement related to Political, Social and Target pressure problem of bank officials among Agriculture PSL, SSI PSL and Other PSL."*

The result of one way ANOVA is shown below:

Table 7.27. Descriptive Analysis and One Way Anova of Factor C Political, Social and Target pressure

		Mean	Std. Deviation	F (p value)
The borrower having political or social reference get loan early. FC1	Agriculture	3.455	1.146	0.973 (.379)
	SSI	3.223	1.292	
	Other	3.304	1.348	
Due to political or social reference, banks have to disburse such kind of advances which are not good FC2	Agriculture	3.563	1.129	1.970 (.141)
	SSI	3.250	1.263	
	Other	3.482	1.273	
For fulfilling the target you need to disburse such kind of advances which are not good. FC3	Agriculture	3.429	1.145	0.332 (.718)
	SSI	3.339	1.339	
	Other	3.473	1.266	
For fulfilling the target non PSL loans are also classified as PSL. FC4	Agriculture	3.411	1.249	3.743 (.025)
	SSI	2.991	1.174	
	Other	3.357	1.321	

The result of one way ANOVA indicates that the probability value of all the statements except FC4 is found to be more than five percent level of significance. Hence with 95 percent confidence level the null hypothesis of no significant difference can be accepted. Hence it can be concluded that Political, Social and Target pressure problems except FC4 are similar in Agriculture PSL, SSI PSL and Other PSL.

FC4: It is found that in case of Agriculture PSL and Other PSL for fulfilling the PSL target non PSL loans are classified as PSL, comparatively more than SSI PSL. The mean score is highest in case of Agriculture PSL, which is 3.411 as compare to Other PSL (3.357) and SSI PSL (2.991).

7.4.4. **Factor D Motivation and Others:**

The remaining all problems are categorised as factor 'Others'. In the study one way ANOVA is applied in order to test the hypothesis that the others problems are same in case of Agriculture PSL, SSI PSL and Other PSL. The null hypothesis of one way ANOVA is mentioned below:

H: *"There is no significance difference in the mean scores of all the statement related to others problems of bank officials among Agriculture PSL, SSI PSL and Other PSL."*

The result of one way ANOVA is shown below in table 7.28:

Table 7.28. Descriptive Analysis and One Way ANOVA of Factor D Motivation and Others

		Mean	Std. Deviation	F (p value)
Number of account consideration can motivate bank employees for more priority sector advances FD1	Agriculture	4.0268	1.15048	2.082 (.126)
	SSI	3.7768	1.19842	
	Other	4.0714	1.14463	
Reward can motivate bank employees for more priority sector advances FD2	Agriculture	4.2857	1.23338	2.363 (.096)
	SSI	3.9643	1.00385	
	Other	4.1071	1.07684	
Incentive can motivate bank	Agriculture	4.3304	1.21839	1.06

employees for more priority sector advances FD3	SSI	4.0982	1.13073	(.348)
	Other	4.2054	1.23126	
Due to Priority sector advance net income to the banks is less FD4	Agriculture	3.9821	1.25190	0.282 (.754)
	SSI	4.0804	1.13215	
	Other	4.0893	1.16676	

The result of one way ANOVA indicates that the probability value of all the statements is found to be more than five percent level of significance. Hence with 95 percent confidence level the null hypothesis of no significant difference can be accepted. Hence it can be concluded that Motivation and others problems are similar in Agriculture PSL, SSI PSL and Other PSL.

It can be concluded that Bank official's problems related to PSL are classified in to four factors with the help of EFA. These are NPA & Recovery problems (Factor A), increase work burden (Factor B), social, political & target pressure (Factor C), and motivation and others (Factor D). Bank officials feel more NPA and Recovery problems in Agriculture PSL as compare to SSI and Other PSL. Work Burden problem is almost similar in all type of PSL means due to PSL bank official's work burden increase. Bank officials feel that Political, Social and target pressure problems are more in Agriculture and Other PSL as compare to SSI PSL. Motivation and other problem are similar in all types of PSL. So it can be stated that bank officials faced various difficulties in PSL. But the problems faced by bank officials in Agriculture PSL, SSI PSL and Other PSL are different. There are more problems in Agriculture PSL and Other PSL as compare to SSI PSL.

CHAPTER - VIII
FINDINGS, LIMITATIONS, CONCLUSION AND FURTHER SCOPE

This chapter represents the findings, limitation and conclusion of the study. Findings are classified on the basis of objectives. Findings of target achievement, trend and growth analysis of PSL, impact of PSL and its types on NPA, findings of problems of customer of PSL and finding of problems of bank's officials of PSL is discussed separately.

8.1. FINDINGS OF TARGETS, TREND AND GROWTH ANALYSIS OF PSL:

In the study the effort is done to find out the targets and sub targets fulfillment status of public and private banks in the study period from 2001 to 2016. Trend is found out with the help of regression model. Where time is independent variable and PSL, Agriculture PSL, SSI PSL and Other PSL are dependent variables respectively. Growth is analysed with the help of semi log model.

8.1.1 Targets of PSL:

Public banks average PSL was 41 percent and Private Banks average PSL was 43 percent of ANBC from 2001 to 2016. RBI prescribed that every bank has to lend 40 percent of ANBC to PSL. So both public banks and private banks were on and average able to fulfill the PSL target in study period. Public banks average Agriculture PSL was 16 percent and Private Banks average Agriculture PSL was 14 percent. So both public banks and private banks were on an average not able to fulfill the sub target of Agriculture PSL. RBI also prescribed a target of 10 percent for Weaker PSL. On an average Weaker PSL of public sector banks was 8 percent and of private banks was 4.95 percent in the study period. So It can be said that both public and private banks were fulfilling overall targets of PSL but not able to fulfill the sub targets of Agriculture PSL and Weaker PSL.

8.1.2. Trend of PSL:

PSL of public banks increased by Rs. 107599 crores and of private banks increased by 30543.446 crores every year in the study period of 2001 to 2016. Increase in PSL of Public banks was almost three times than the private banks. It was because public banks business share in market was three times more than business of private banks. Agriculture PSL of public banks increased by Rs 42180 crores every year and agriculture PSL of private sector banks increased by Rs 9966.676 crores in the selected period of 2001 to 2016. SSI PSL of pubic banks increased by Rs 36147 crores per year and SSI PSL of private banks increased by Rs 10543 crores per year in the study period. Other PSL (Total PSL – Agriculture PSL – SSI PSL) of pubic banks increased by Rs 19319 crores per year and Other PSL of private banks increased by Rs 6343 crores per year in the study period. It is clear from trend analysis that per year increase in PSL, Agriculture PSL, SSI PSL and Other PSL of public banks was 3 or 4 times more than private banks.

8.1.3. Growth in PSL:

Growth in PSL of Public banks was 18.9 percent and growth of PSL of private banks was 23.4%. Growth in Agriculture PSL of Public banks was 21 percent and growth of Agriculture PSL of private banks was 27.1 percent. Growth in SSI PSL of Public banks was 21.6 percent and growth of SSI PSL of private banks was 28.2 percent. Growth in Other PSL of Public banks was 14 percent and growth of Other PSL of private banks was 18.4 percent.

It is clear from growth analysis that in the study period growth rate of PSL, Agriculture PSL, SSI PSL and other PSL of private banks was more than public banks. This was because private banks business was growing faster than public banks. So it can be said that today the PSL of public banks is more than private banks. But growth rate in PSL of Private Banks is more than public banks.

8.2. FINDINGS OF IMPACT OF PSL AND PSL'S TYPES ON NPA:

Various studies showed that there is a significant impact of PSL on NPA. So in the research study effort is done to find out the impact of PSL on NPA. Earlier studies found the total impact of PSL on NPA. In the present study the effort is done to know the impact of different types of PSL (Agriculture PSL, SSI PSL and Other PSL) on

NPA. Comparison of impact of different types of PSL on NPA and Non PSL on NPA is also being done.

8.2.1 Impact of PSL on NPA:

With the help of Pooled regression model it was found that with 100 rupees increased in PSL total NPA of banks increased by 8.2 rupees. Hausman Test showed that impact of PSL on NPA was not random and F test showed that different cross sections (public banks and private banks) had different impact of PSL on NPA. With help of Two Ways Fixed Effect Regression model it was proved that public banks NPA increased by 6.36 rupees with 100 rupees increase in PSA and Private Banks NPA increased by 3.8 rupees with 100 rupees increase in PSA. So it can be concluded that private sector banks are more efficient in managing NPA in relation with PSL than public banks.

8.2.2. Impact of Agriculture PSL on NPA:

With the help of Pooled regression model it was found that with 100 rupees. increased in Agriculture PSL, total NPA of banks increased by 19.3 rupees. Hausman Test showed that impact of Agriculture PSL on NPA was not random and F test showed that different cross sections (public banks and private banks) had different impact of Agriculture PSL on NPA. With help of Two Ways Fixed Effect Regression model it was proved that public banks NPA increased by 14.71 rupees with 100 rupees increase in PSA and Private Banks NPA increased by 4.47 rupees with 100 rupees increase in Agriculture PSA. So it can be concluded that private banks are more efficient in managing NPA in relation with Agriculture PSL than public banks.

8.2.3. Impact of SSI PSL on NPA:

With the help of Pooled regression model it was found that with 100 rupees increased in SSI PSL total NPA of banks increased by 22.9 rupees. Hausman Test shows that impact of SSI PSL on NPA was not random and F test showed that different cross sections (public banks and private banks) had different impact of SSI PSL on NPA. With help of Two Ways Fixed Effect Regression model it was proved that public banks NPA increased by 18.2 rupees with 100 rupees increase in SSI PSA and Private Banks NPA increased by 8.9 rupees with 100 rupees increase in PSA. So it can be

concluded that private banks are more efficient in managing NPA in relation with SSI PSL than public banks.

8.2.4. Impact of Other PSL on NPA:

With the help of Pooled regression model it was found that with 100 rupees. increases in Other PSL total NPA of banks increased by 31 rupees. Hausman Test showed that impact of Other PSL on NPA was not random and F test showed that different cross sections (public banks and private banks) had different impact of Other PSL on NPA. With help of Two Ways Fixed Effect Regression Model it was proved that public banks NPA increased by 20.3 rupees with 100 rupees increased in Other PSA and Private Banks NPA increased by 10 rupees with 100 rupees increased in Other PSA. So it can be concluded that private sector banks are more efficient in managing NPA in relation with Other PSL.

8.2.5. Impact of Non PSL on NPA:

With 100 rupees increased in Non PSL loans NPA increased by 5.2 rupees. This impact was different in public banks and private banks. When public banks Non PSL increased by 100 rupees their NPA increased by 4.2 rupees. And when private banks Non PSL increased by 100 rupees their NPA increased by 2.4 rupees.

8.2.6 Comparison of Impact of PSL and Non PSL on NPA:

It can be stated that PSL has more significant impact on NPA as compare to Non PSL.

Table 8.1. Impact of PSL and Non PSL on NPA

	Pooled effect		Public Banks		Private Banks	
	Increase in loans	Increase in NPA	Increase in loans	Increase in NPA	Increase in loans	Increase in NPA
Non PSL	100 Rupees	5.2 Rupees	100 Rupees	4.2 Rupees	100 Rupees	2.4 Rupees
PSL	100 Rupees	8.2 Rupees	100 Rupees	6.36 Rupees	100 Rupees	3.86 Rupees

When banks PSL increased by 100 rupees than NPA increases by 8.2 rupees and at the same time with 100 rupees increased in Non PSL loans NPA increased by 5.2 rupees as shown in table 8.1. The same trend was followed in public and private banks. When public banks PSL increased by 100 rupees their NPA increased by 6.36

rupees and at the same time with the increased of 100 rupees in Non PSL loans their NPA increased by 4.2 rupees as shown in table 8.1. When private banks PSL increased by 100 rupees their NPA increased by 3.86 rupees and at the same time with increased of 100 rupees in Non PSL loans their NPA increased by 2.4 rupees (as shown in table 8.1).

8.3. FINDINGS ON CUSTOMERS PROBLEMS OF PSL:

400 customers of PSL were surveyed to know the problems of customers of PSL. Out of these 400 customers; 180 customers were of Agriculture PSL, 105 customers were of SSI and 115 customers were of Other PSL. Problems of different types of PSL were analyzed with the help of descriptive analysis. One way Anova was used to compare the problems of different types of customers of PSL.

8.3.1 Procedural Problems:

It is clear from descriptive analysis of procedural problem that customer's perception regarding procedural problems has been changed. Earlier review studies shows that customers believe that loan taking is lengthy and time taking. But in the present study research found that customers of Delhi/NCR consider that loan taking procedure is less lengthy and less difficult. One way Anova test shows that this perception is different in SSI PSL. Customers of SSI PSL sector still consider that loan taking procedure is difficult.

8.3.2. Sufficiency of Loans:

It is found in the study that customers feel that bank provide sufficient amount of loan. But with one way Anova test it is clear that perception of sufficiency is different in different type of customers. Other PSL customers are less satisfied with the sufficiency of loan amount as compare to Agriculture and SSI PSL customers.

Reasons behind the perception of Other PSL customers is that in Other PSL loan limits are very small as compare to Agriculture and SSI PSL.

8.3.3 Bribes: Most of the customers are disagree that they paid any money or bribes to bank officials and agents. But few customers still believe that loan taking will be easy if money or gift is provided to bank officials or agents. So the problem of bribe is

there, but in few cases. The result of one way ANOVA related to bribe problem indicates that problems of bribe is different in different category of PSL customers. It can be stated that in Other PSL loans money is provided to bank officials, however in case of agriculture loans significant money and gifts are provided to agents for getting loans early.

8.3.4. Awareness:

It is clear from descriptive analysis of awareness problems that awareness level about different aspects of loans (like interest rate, different schemes, subsidy on loan, subsidy on interest rate, margin money, and security for loans) is less than 4 at a scale of 6. So it can be said that customers of PSL sectors are less aware. One way Anova perception about awareness level is same in all types of PSL except awareness about interest rates and margin money. Awareness about interest rate and margin money is low in Agriculture PSL as compare to SSI PSL and Other PSL.

8.3.5. Convenient Repayment Schedule:

SSI beneficiaries believe that banks make the repayment schedule sometimes according to their convenience while Agriculture and Other PSL beneficiaries believe that banks make the repayment schedule rarely according to their convenience. Agriculture PSL customers feel that repayment schedule of loan is inconvenient because of diversion of loan and hopping for waive off. Other PSL customers feel that repayment schedule is inconvenient because the loan limits are less and loan is insufficient to fulfill their requirement.

8.3.6. Diversion of Loan:

Diversion of loans means using the loans for other purpose than it is actually taken. Various statement related to diversion of loans like using of loan money for paying old debts, for extension of project, for social ceremonies and further Investment have been asked from the customers. Extent of diversion of loan problem is different in different type of loan. Diversion of loans is more in agriculture sector PSL for paying old debts, for extension of other projects and for social ceremonies. Diversion of loan is less in SSI and Other type of PSL loans.

8.3.7. Bank Official's Behaviour Problems:

For knowing bank official's behaviour problem various statements are asked form the customers. These statements are: Bank official's take initiatives to create awareness about the scheme, Bank officials provide guidance, Bank officials help in fulfilling formalities, Bank officials are cooperative and Bank officials have good knowledge about different scheme.

One way Anova test show that Customer's perception about behaviour of bank officials is different in different type of loans. Agriculture and Other PSL customers are less satisfied regarding above mention statements of bank officials behaviour. SSI PSL customer's perception about the behaviour of bank officials is better than Agriculture and Other PSL customers. They feel that bank officials help them.

Agriculture and Other PSL customers are less satisfied with the behaviour of bank officials because of education problem. It is being observed that customers of Agriculture and Other PSL are less literate so their level of understanding is less, so they ask same questions again and again from the bank officials. Second thing, numbers of account holders are more in Agriculture and Other PSL loans because of small amount of loans. There are a few or less bank officials involved in handling there quarries. So shortage of bank official's staff is also a reason of their less cooperation with customers.

8.3.8. Delay in Instalment Payment:

There exists significant association between type of loan and on time instalment payment. Tendency of Agriculture customers of on time instalment payment is less as compare to SSI and Other PSL customers. Mostly Agriculture Customers do delay in payment of instalment. The most important reason of Delay in payment by agriculture customers is less income and hoping of wave off.

8.4. FINDINGS ON BANK OFFICIAL'S PROBLEMS OF PSL:

Exploratory Factor Analysis is used to factorise the problems of bank officials. Problems of bank officials from Priority Sector Lending are classified in to 4 factors for all three types of PSL by EFA.. These factors are:

A. NPA and Recovery Problem
B. Increase Work Burden
C. Political, social and target pressure

D. Motivation and Others

8.4.1. Problems of Bank Officials in Agriculture PSL:

Factor A in Agriculture PSL: Factor A represents how Agriculture PSL of banks affected by NPA and recovery problems. Recovery in Agriculture PSL is difficult (.789). Recovery problem are there because borrower spent amount on social ceremonies (.833). Recovery is difficult because loan amount is not adequate for borrow need (.787), borrower purchase defective assets(.778). This factor explains that recovery in Agriculture PSL is difficult and in PSL sector there is more wilful default.

Factor B in Agriculture PSL: Factor B represents how Agriculture PSL increase work burden of bank employees. Agri PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Agriculture Priority Sector Lending (.818), Number of visits pre sanctioning loans are more in Priority Sector Lending (.749) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.725).

Factor C in Agriculture PSL: This factor represents how much political social and target pressure is there on bank employees while disbursing Agriculuture PSL loans. For fulfilling the Agriculture PSL target bankers need to disburse such kind of advances which are not good (.837). The borrower having political or social reference get loan early (.820). For fulfilling the target non PSL loans are also classified as PSL (.818). Due to political or social reference, banks have to disburse such kind of advances which are not good (.728).

Factor D in Agriculture PSL: This factor show how bankers can be motivated to increase Agriculture PSL and how Agriculture PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.864), FD4 shows incentive can motivate bank employees for more priority sector advances (.863) and FD3 shows that reward can motivate bank employees for more priority sector advances (.854). Apart from this,

this factor also shows that due to Agriculture priority sector advance net income to the banks is less (.854).

8.4.2. Problems of Bank Officials in SSI PSL:

Factor A in SSI PSL: This factor represents how SSI PSL of banks affected by NPA and recovery problems. Recovery in SSI PSL is difficult (.754). Recovery problem are there because borrower spent amount on social ceremonies (.830), loan amount is not adequate for borrow need (.771), borrower purchase defective assets (.771). This factor explains that how much recovery in SSI PSL is difficult.

Factor B in SSI PSL: This factor represents how SSI PSL increase work burden of bank employees. PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending (.719), Number of visits pre sanctioning loans are more in Priority Sector Lending (.789) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.790).

Factor C in SSI PSL: This factor represents how much political social and target pressure is there on bank employees while disbursing SSI PSL loans. For fulfilling the SSI PSL target bankers need to disburse such kind of advances which are not good (.818). The borrower having political or social reference get loan early (.833). For fulfilling the target non PSL loans are also classified as PSL (.818). Due to political or social reference, banks have to disburse such kind of advances which are not good (.830).

Factor D in SSI PSL: This factor show how bankers can be motivated to increase SSI PSL and how SSI PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.671), FD4 shows incentive can motivate bank employees for more priority sector advances (.787) and FD3 shows that reward can motivate bank employees for more priority sector advances (.773). Apart from this, this factor also shows that due to SSI priority sector advance net income to the banks is less (.754).

8.4.3. Problems of Bank Officials in Other PSL:

Factor A in Other PSL: This factor represents how Other PSL of banks affected by NPA and recovery problems. Recovery in Other PSL is difficult (.871). Recovery problem are there because borrower spent amount on social ceremonies (.826), loan amount is not adequate for borrow need (.792), borrower purchase defective assets (.831). This factor explains that how much recovery in Other PSL is difficult and in Other PSL sector there is more wilful default.

Factor B in Other PSL: This factor represents how Othe PSL increase work burden of bank employees. Other PSL increase work burden because for recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending (.659), Number of visits pre sanctioning loans are more in Priority Sector Lending (.779) and number of visits post sanctioning loans are more in Priority Sector Lending. Bank need to organize special events for increasing PSL loans (.815).

Factor C in Other PSL: This factor represents how much political social and target pressure is there on bank employees while disbursing Other PSL loans. For fulfilling the Other PSL target bankers need to disburse such kind of advances which are not good (.840). The borrower having political or social reference get loan early (.806). For fulfilling the target non PSL loans are also classified as PSL (.840). Due to political or social reference, banks have to disburse such kind of advances which are not good (.841).

Factor D in Other PSL: This factor show how bankers can be motivated to increase Other PSL and how Other PSL is affecting banks profitability. FD2 variable shows number of account consideration can motivate bank employees for more priority sector advances (.821), FD4 shows incentive can motivate bank employees for more priority sector advances (.796) and FD3 shows that reward can motivate bank employees for more priority sector advances (.812). Apart from this, this factor also shows that due to other priority sector advance net income to the banks is less (.791).

8.4.4. Comparative Analysis of Agriculture, SSI and Other PSL with respect to identified factors:

Factor A: It is found with the help of One way Anova that wilful default is highest in case of Agriculture PSL as compare to SSI and Other PSL. The mean score of the statement is found to be 4.152 which is highest as compare to SSI (3.732) and Other PSL (3.872). It is observed that bankers believe that farmers have a tendency to delay the payments and in most of the cases of default is wilful. In the study it is found that in case of Agriculture PSL borrower use the loan more for social ceremonies (in spite of the purpose it was actually taken) as compare to SSI and Other PSL. It is also found that in case of Agriculture PSL borrower purchase more defective assets as compare to SSI and other PSL.

Factor B: Work Burden Problems are similar in all types of PSL.

Factor C: It is found that Political, Social and Target pressure problems (except FC4) are similar in Agriculture PSL, SSI PSL and Other PSL. FC4 is about target pressure; due to target pressure non PSL loans are also classified in PSL loans. This problem is more in Agriculture and Other PSL loans as compare to SSI PSL.

Factor D: Motivation and other problems are similar in all types of PSL means bank officials feel that all type of PSL effect the profitability of banks. Bank officials feel that they will be motivation if there would be some reward and incentive can motivate them to increase PSL.

8.5. CONCLUSION:

The study conclude that per year business trend of public banks in PSL, Agriculture PSL, SSI PSL and Other PSL is more than private sector banks because market share of public banks is more than private banks. But growth in PSL, Agriculture PSL, SSI PSL and other PSL is more of private banks as compare to public banks. NPA of private banks due to PSL, Agriculture PSL, SSI PSL and Other PSL as well as in Non PSL is less than public banks. So it can be stated that private banks PSL are growing

with faster rate than public banks PSL and there NPA management in PSL is also good.

The study also identified several problems of customers in PSL. These are procedural problems, inadequate amount of loans, bribes, awareness, and inconvenient repayment schedule, diversion of loan, bank official's behaviour problem and delay in installment payment. The extents of these problems are different in different types of PSL loans. SSI customers are more suffered with procedural problems than Agriculture and Other PSL. Other PSL customers feel that loan amount is not sufficient. Bribes problems are more in Agriculture and Other PSL as compare to SSI PSL. Awareness problems are more in Agriculture and SSI PSL. Agriculture and Other PSL customers feel that repayment schedule of loan is inconvenient. Diversion of loan is more in Agriculture PSL. Bank official's behaviour problems are more in Agriculture and Other PSL. Delays in payment of loans are more in Agriculture PSL. So it can be stated that customers of Agriculture and Other PSL face more problems than SSI PSL.

Bank official's problems related to PSL are classified in to four factors with the help of EFA. These are NPA & Recovery problems (Factor A), increase work burden (Factor B), social, political & target pressure (Factor C), and motivation and others (Factor D). Bank officials feel more NPA and Recovery problems in Agriculture PSL as compare to SSI and Other PSL. Work Burden problem is almost similar in all type of PSL means due to PSL bank official's work burden increase. Bank officials feel that Political, Social and target pressure problems are more in Agriculture and Other PSL as compare to SSI PSL. Motivation and other problem are similar in all types of PSL. So it can be stated that bank officials faced various difficulties in PSL. But the problems faced by bank officials while giving loans are more in Agriculture and Other PSL as compare to SSI PSL.

So it can be stated that problems observed by customers and officials both are more in Agriculture and Other PSL. Both demand side (customers of PSL) and supply side (bank officials) phase more difficulty in Agriculture PSL and Other PSL. SSI PSL is having less problems as compare to agriculture PSL and Other PSL.

8.6. LIMITATIONS:

1. Bank managers are having immense pressure of work during these days due to Prdhan Mantri Jan Dhan Yojana, Digitization of money, administration work,

customers handling, shortage of bank staff and various other reasons. So getting questionnaire filled from them with proper concentration was tedious job. So there may be relatively less concentration.

2. Customers of PSL sectors were less literate so before getting questionnaire filled from them it was essential to make the statements clear to them. Therefore customers have to spend relatively more time for filling the questionnaire. So sometimes customers have given speedy answers.
3. It was a great fear among the customers that researcher might be a recovery or investigation agent from bank or government. Although efforts have been done by the researcher to clear their misunderstandings but still there could be biasness in filling the questionnaire.
4. Districts wise data of PSL of Delhi, Haryana and Uttar Pradesh was not available from the period 2001 to 2016 because of change of districts in the mentioned period. So district wise trend and growth analysis is not being done. The study area is Delhi/NCR. PSL is applied to whole of India. But due to shortage of time and constraint of economic resources the data of all over India cannot be collected. A survey of all over the India may be done.
5. In the survey those customers were included, which have loans got under any types of PSL. Those customers who applied for PSL but not able to get loans under PSL, and those who have not applied because of lack of awareness, illiteracy or any other reasons but eligible to get loan under PSL are not included. Such customers could not be included due to lack of data, time and funds constraint.
6. Study area is Delhi/NCR. But in NCT (Delhi) due to less agriculture land customers of direct agriculture are less. So questionnaires of direct Agriculture customers were mostly get filled from NCR area..

8.7. FURTHER SCOPE OF STUDY:

There could be further study to know the socio economic benefit of PSL. It is found in the study that problems are more in Agriculture and Other PSL. A further study could be done for Agriculture PSL on the basis of land holdings and income group. Similar a separate study may be done in Other PSL loans.

CHAPTER IX
SUGGESTIONS

The present chapter includes suggestions on the basis of analysis done in the study. Researcher observed some major concerns while collecting the primary data. Without briefing those concerns the suggestions will not be completed. Therefore concerns are also being mentioned in this chapter.

9.1. EMPHASIS ON ACHIEVING SUB TARGETS:

The study shows that both public banks and private banks are not able to achieve the sub targets of Agriculture PSL and Weaker PSL in the study period. RBI should enforce the banks to achieve these targets. The basic purpose of the government behind PSL was to provide financial assistance to neglected sector of economy. If banks are not able to achieve Agriculture and Weaker PSL than basic motive of PSL is defeated. Therefore there is a need to the banks to give their best to achieve the sub targets.

9.2. NEED TO INCREASE GROWTH RATE OF BUSINESS BY PUBLIC BANKS:

Trend and growth analysis demonstrates that today business of public banks is more in PSL, Agriculture PSL, SSI PSL and Other PSL than business of private banks but growth of private bank's is more than public banks. This trend and growth situation is similar for Non PSL loans of public and private banks. If this situation will continue, soon private banks will acquire the market share of public banks. Therefore this is high time for public banks to work on their marketing policies to increase their growth rate of business.

9.3. NEED OF NPA MANAGEMENT BY PUBLIC BANKS:

NPA analysis shows that the public bank's NPA are more than private bank's NPA in PSL and its different categories. Therefore the study suggested that public banks should take more corrective measures (like more focus on monitoring of loans, strict rules for Recovery Management etc.) for NPA.

9.4. PROPER MONITORING OF LOANS:

PSL customers are using their loans for other purpose than it is actually taken, so there should be tight monitoring after sanctioning the loans. Tendency of using the loan for other purposes is more in Agriculture customers as compare to SSI and Other PSL customers. Therefore the need of monitoring after sanctioning the loans is more in Agriculture PSL. There should be more post sanctioned visits in Agriculture PSL for checking that loans are used for right purpose.

9.5. SEPARATE COUNTER FOR AGRICULTURE AND OTHER PSL LOANS:

Agriculture and Other PSL customers are confronting more procedural problems (like lengthy, difficult and time taking) of loans than SSI PSL, so there should be separate counter in banks to help Agriculture and Other PSL customers.

9.6. CAMPAIGN FOR AWARENESS:

The Study observed that awareness (about interest rate, different schemes, and subsidy on loan, subsidy on interest rate, margin money, and security for loans) is less among PSL customers. Awareness is very important factor to increase PSL. Government desires and provides various schemes in PSL for the purpose of micro inclusion. The customers must be aware about these schemes to take advantage of it otherwise all the efforts of the government will go in vain. Therefore the basic purpose of achieving socio economic equality must be fulfilled. In this way, banks should organize more and more campaigns to educate the customers about the schemes of PSL.

9.7. BEHAVIORAL TRAINING TO BANK OFFICIALS:

It is being observed that Agriculture and Other PSL customers are less satisfied with the behaviour of bank officials. This is because that these customers are less literate and having less knowledge about the schemes. Therefore bank officials require more behavioral skills to deal with these customers. In this way, behavioral trainings should be provided to bank officials to deal with these customers.

9.8. STRICT RULES FOR NPA AND RECOVERY MANAGEMENT:

One of the major problems that bank officials face in PSL loans is of difficulty in loan recovery and increasing NPA burden. There are rules for recovery, but the executions of rules are not done strictly. So there should be strict executions of rules for the recovery and NPA management on the part of banks.

9.9. RECRUITMENTS OF SPECIALIZED BANK OFFICIALS:

Bank officials work burden is increased due to PSL because in PSL, there are more numbers of accounts, number of recovery reminders, number of pre sanctioning and post sanction visits. The study suggested that there should be increase in number of staffs for more accuracy of works. Banks should recruit specialized staff for handling PSL loans. It will, certainly increase cost of banks, but this cost will be compensated if there will be decrease in NPA, less default, right usage of loan and most important socio economic equality in the economy. Definitely then it will serve the purpose of PSL in true sense.

9.10. MOTIVATION TO BANK OFFICIALS:

The study emphasized that in PSL sector, banks officials are not being provided any kind of motivation in form of reward, recognition and incentives. So there should be monetary and non monetary incentives for PSL. Non monetary benefits (like recognition and rewards) are less costly but having more impact than monetary benefits. So some reward and recognition should be there for PSL target achievers.

9.11. REWARD A POSITIVE MOTIVATION FOR ON TIME PAYMENT:

It is being found in the study that banks give concession to defaulters for settling their account. This procedure is called One Time Settlement (OTS). This helps the banks to recover their bad debts. But it demotivates the persons who are paying on time and the full amount. This lead to more defaults. There should be reward as a positive motivation to the borrowers who repay their loans on time. Government should make a policy to credit loan subsidy points on account of on time payment.

9.12. OTHER CONCERNS:

During the study, some other important concerns are also being observed by the researcher. These are various wrong practices in Agriculture sectors of PSL. There are more willful defaults in agriculture sector. Farmers do not pay the loans because they hope for waive off. Waiving off loans by government lead to more defaults in Agriculture sector. Waiving off loan of a poor and needy farmer is a good effort of government. But it is being observed that rich and capable farmers are taking undue advantages of this practice and not paying the installments on time. It is also being observed that farmers are developing a habit of not paying the loans. Farmers should be educated that if they will pay the loans on time, this will increase their further loan taking capacity. Further loan taking capacity will help to increase their income. So it is main concern of this research for government to review it's waive off policy.

Priority Sector Lending is a sincere effort of Indian government and Reserve Bank of India to raise income, status and employment of financial weaker sector of economy. This thought process can be accomplished just if the execution of PSL on ground level is with legitimate quality. The above suggestions will be helpful to enhance the quality of PSL that will lead to development of priority sectors. This will eventually help to develop the economy. The efforts of banks will increase in the initial phase but in future it will be fruitful for Indian economy.

REFERENCES

[1] C.Rangarajan, "The Indian Banking System: Challenges Ahead," *The Journal of Indian Institute of Banking and Finance*, pp.73, July-September 2007.

[2] K. C. Chakrabarty, "Banking and Finance in India: Developments, Issues and Prospects," *The Journal of Indian Institute of Banking and Finance*, pp 5, Oct.-Dec.2009.

[3] https://en.m.wikipedia.org/wiki/Poverty_in_India.

[4] P. N. Joshi, "Financing of Priority Sectors by Commercial Banks," *The Journal of the Indian Institute of Bankers*, Vol. XLIII (1) , pp. 27-34, January-March 1972.

[5] Sri Morarji Desai, documents from RBI records, 1967, www.rbi.org.in pp.803.

[6] RBI circular RBI/2012-13/138.

[7] Master Circular RBI/July/2012-13/108.

[8] Lily Vadera, "Report of the Internal Working Group (IWG) to Revisit the Existing Priority Sector Lending Guidelines," RBI, Bombay, 2015.

[9] K. S. Krishnaswamy, "Report of the Working Group on the Modalities of Implementation of the Priority Sector Lending and the 20-Point Programme by Banks," RBI, Bombay, 1980.

[10] A. Ghosh, "Role of Banks in Implementation of New 20-Point Programme," RBI, Bombay, 1982.

[11] M. Narasimham, "Report of the Committee on the Financial System," RBI, Bombay, 1991.

[12] R. V. Gupta, "Agricultural Credit through Commercial Banks" RBI, Bombay, 1996.

[13] M. Narasimham, "Report of the Committee on Banking Sector Reforms," RBI, Bombay, 1998

[14] V. S. Vyas, "Reprt of Expert Committee on Rural Credit," RBI, Bombay, 2001.

[15] V. S. Vyas " Reprot of Advisory Committee on Flow of Credit to Agriculture and Related Activities from the Banking System," RBI, Bombay, 2004.

[16] A. S. Garnguly, " Reprot of Working Group on Flow of Credit to SSI Sector," RBI, Bombay, 2004.

[17] C.S. Murthy, "Draft Technical Paper by the Internal Working Group on Priority Sector Lending," RBI, Bombay, 2005

[18] M. V. Nair, 2012, "Letter of Transmittal," RBI, Mumbai, 2012 http://rbi.org.in/scripts/PublicationReportDetails.aspx?UrlPage=%20&ID=659#F1

[19]A. M. Schwarz, *How effective are directed credit policies in the united states?: A literature survey,* World Bank Publications, 1992.

[20] D. Vittas and Y. J. Cho, "Credit Policies – Lessons from East Asia", World Bank Policy Research Working Paper, 1995.

[21] M. Samson and A. Bayat, "Re-orienting Monetary and Financial Policy towards Job Creation and the Interests of the Poor", EPRI, Research Paper no. 8

[22] UN (2013), "A life of dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015", Report of the Secretary-General at <www.un.org>, Thorat, Usha (2006), "Financial Inclusion and Millennium Development Goals", speech at CAB, Pune, www.rbi.org.in.

[23] J. Stiglitz, (2013), "Revolution in Monetary Policy: Lessons in the Wake of the Global Financial Crisis", C. D. Deshmukh Memorial Lecture, Mumbai.

[24] Nathan Associates Report, "Re-Prioritizing Priority Sector Lending in India-Impact of Priority Sector Lending on India's Commercial Banks" in Economic Impact Analysis, Dec. 2013.

[24] V. V. Bhatt, " Bank Finance to Agriculture, Small industries – Proposal for scheme of Approved Dealers," *Economic Political Weekly*, Vol.5, 47, pp1896-1900, Nov. 1970.

[25] P. C. D. Nambiar, "Financing of Priority Sector," *SBI Monthly Review*, Vol. XVI (12), pp. 447-453, December 1977.

[26] I. G. Patel, "Indian Banking During the Coming Decade," *RBI Bulletin*, Vol. XXXIII (11), pp. 767-772, November 1979.

[27] B. Singh, "Perceived Advantage of Taking Loans From Banks and Suggestion for Improvement," *The Banker*, Vol. XXVI (10), pp. 24, December 1979.

[28] V. B. Angadi, "Banks' Advances to Priority Sectors - An Enquiry into the Causes of Concentration," *Economic Political Weekly*, Vol. XVIII (13), pp. 503-510, March 26, 1983.

[29] B.K. Sarkar, "Banks Marketing for the Target Groups in the Priority Sector," *Prajnan*, Vol. XII (4), pp. 315-325, October-December 1983.

[30] K. V. Patel and N. B. Shete, "Priority Sector Lending by the Commercial Banks in India - An Overview," *Prajnan*, Vol. XIII (1), pp. 151-168, JanuaryMarch 1984.

[31] B. S. Viswanathan, “Rural Co-operative Credit,” *Land Bank Journal*, Vol. XXIV (9), p. 4, September 1985.

[32] D. P. Khankhoje and V. T. Godse, “Systems and Procedures in Priority Sector Lending,” *Prajnan*, Vol. XIV (4), pp. 393-404, October-December 1985.

[33] B. Rao. Ramachandra, “Priority Sector Advances–Evolution and Monitoring,” *The Journal of the Indian Institute of Bankers*, Vol. LVIII (3), pp. 132-135,141, July-September 1987.

[34] E. Muniraj, “Improving Recovery Performance through Effective Financing of Agriculture,” *Agricultural Banker*, Vol. XI (2), pp. 12-20, April-June 1988.

[35] V. K. R. Bhaskara, “Problems and Prospects of Banks in Financing Agriculture,” *Agricultural Banker*, Vol. XII (4), pp. 14-18, October-December 1989.

[36] S.S.Kalra, “Menace of Overdues,” *The Banker*, Vol. XXXVII (2), pp. 25-31.

[37] K. Ketkar, “Public sector banking, efficiency and economic growth in India,” *World Development*, Vol.21(10) , pp.1685-1697, 1993.

[38] S. Rajagopal, “The Priority Sector,” IBA Bulletin, Vol. XVI (1), January 1994, pp. 52-54, April 1990.

[39] P. N. Snowden, "World development report 1989: Financial systems and development,” The World Bank, New York. Oxford University Press, 1991.

[40] A. Bhattacharyya, “The impact of liberalization on the productive efficiency of Indian commercial banks,” *European Journal of Operational Research*, Vol. 98,(2), pp. 332-345, 1995.

[41] S. G. Patel, "Role of commercial bank’s lending to priority sector in Gujarat-An evaluation," *Finance India*, Vol. X. No.2, pp. 389-393, 1996.

[42] K. M. Shajahan, “Priority sector bank lending: some important issues,” *Economic and Political Weekly*, pp.2749-2756, 1998

[43] S. Kanagasabai, “An Economic Analysis of Priority Sector Lending Under Lead Bank Scheme In the Union Territory of Pondicherry,” Ph D thesis, Pondicherry University, Pondicherry, December 1999.

[44] K. M. Shajahan, “Priority Sector Bank Lending: How Useful?” *Economic and Political Weekly,* pp. 3572-3574, 1999.

[45] D. Narayana, "Why is the credit-deposit ratio low in Kerala?" 2003.

[46] S. Uma, “Problems and Prospects of Priority Sector Lending by Commercial Banks (A case study of Small Scale Industries in Bangalore District),” Ph.D. Thesis, University of Mysore, Mysore, 2001.

[47] P. Vimala, "A study on the priority sector lending in commercial banks in Kerala," Ph. D. Thesis, Mahatma Gandhi University, Kerala, 2002.

[48] P. K. Reddy, "A comparative study of Non Performing Assets in India in the Global context- Similarities and dissimilarities, remedial measures," March 2012.

[49] M. Sathye, "Efficiency of banks in a developing economy: the case of India," *European Journal of Operational Research*, Vol. 148(3), pp.662-671, 2003.

[50] R. Dasgupta, "Priority sector lending: yesterday, today and tomorrow," *Economic and Political Weekly*, pp.4239-4245, 2002.

[51] D. P. Joshi, "Indian Agriculture Perspectives," *Prajnan*, Vol. XXXII, No.1, April - June 2003.

[52] T. K. Chakrabarty, "Rural Income: Some Evidence of Effect of Rural Credit During Last Three Decades," RBI Occasional papers, Vol.24, No.3, Winter, 2003.

[53] Dadhich, "Redesigning Priority Sector Lending Operations in the Liberalized Regime," *Indian Banking: Managing Transformation*, 1st edition, ICFAI University Press, Hyderabad, pp.3-15, 2004.

[54] G. B. Sahu, "Institutional Finance for Agriculture A Macro and Micro Analysis," April 2004.

[55] A. Ataullah, T. Cockerill and H. Le, "Financial liberalization and bank efficiency: a comparative analysis of India and Pakistan," *Applied Economics*, Vol. 36(17), pp.1915-1924, 2004.

[56] R. Burgess, R. Pande and G. Wong, "Banking for the poor: Evidence from India," *Journal of the European Economic Association*, Vol. 3(2-3), pp.268-278, 2005.

[57] P. Basu, "A Financial System for India's Poor," *Economic and Political Weekly*, pp. 4008-4012, 2005.

[58] M. Angabalan and V. Selvam, "Re-engineering Mechanism of Micro-Finance for Poverty alleviation and social change," *Vinimaya*, Vol. XXVI, No.1, April-June, 2005.

[59] M. Roy, "A review of bank lending to priority and retail sectors," *Economic and Political Weekly*, pp.1035-1040, 2006

[60] S. Chatrath and G. Vallabh, "Role of Banks in Agriculture and Rural Development," The Chartered Accountant, February 2006.

[61] A. Das and S. Ghosh, "Financial deregulation and efficiency: An empirical analysis of Indian banks during post reform period," Review of Financial Economics, Vol. 15(3), pp. 193-221, 2006.

[62] R. Golait, "Current Issues in Agriculture Credit in India: An Assessment," RBI Occasional papers, Vol.28, No.1, summer, 2007, pp. 80-99, 2007.

[63] R. Radhakrishna, "Indian Development Report," University of Oxford, ISBN-13: 978-0-19-569351 5,ISBN-10: 0-19-569351 5, 2008.

[64] R. K. Uppal, "Priority sector advances: Trends, issues and strategies," *Journal of Accounting and Taxation*, Vol. 1(5), pp. 79-89, 2009.

[65] U. D. Ahmed, "Priority Sector Lending By Commercial Banks in India: A Case of Barak Valley," *Asian Journal of Finance & Accounting*, Vol. 2(1), 2010.

[66] J. Kaur and Silony, "Performance Review of Commercial Banks in India with special reference to Priority Sector Lending- A Study of Post Reforms Era," *Zenith*, Vol.1(1), pp. 47-61, 2011.

[67] P. Raman and N. Thangavel, "Social banking in India: Priority sector lending and its developments-A study," *JmInternational Journal of HR Review*, Vol. 1(1), pp. 61-69, Feb. 2011.

[68] S. Ghosh, "Management of non-performing assets in public sector banks: evidence from India." In International Conference on Management ICM, Proceeding, no. 2011-057-173, 2011.

[69] K. K. Tripathi, "India's Agricultural Growth and Stagnation: A Review," Kurukshetra, December 2011

[70] J. B. Kaushik, "Sustainable Development of Rural Economy and Agri-Business through Microfinance," *Vinimaya*, Vol. XXXII No.1, April-June2011.

[71] P. G. Rani, "Performance of Commercial Banks in Priority Sector Lending," *Asian Pacific Journal of Research in Business Management*, , ISSN 2229-4104, Vol.2 Issue 7, July 2011.

[72] S. K. Chattopadhyay, "Priorities in Lending and Distribution of Bank Loans in India - Pre & Post Reform Scenario" In *43rd Annual Conference of Indian Econometric Society*. 2007.

[73] Silony, "Priority sector lending: a study of commercial banks in Punjab since 1991," Ph. D., Punjabi University, Patiala, 2012.

[74] S. Patidar and A. Kataria, “Analysis of NPA in priority sector lending: A comparative study between public sector banks and Private sector banks of India," *Bauddhik*, Vol. 3(1), pp. 54-69, 2012.

[75] D. Raman, “A Study on the Performance of Commercial Banks towards Priority Sector Advances in Tamil Nadu,” *International Journal Of Marketing, Financial Services & Management Research*, Vol. 2(2), pp. 1-23, 2013.

[76] N. Shabbir, "Sector-wise Priority Sector Advances in India," *International Journal of Research in Social Sciences*, Vol. 3(2), pp. 57-71, 2013.

[77] N. Selvam and N. Nirmala Devi, “Customer Perception on Reasons for Non Performing Assets,” *ASM’s International E-Journal of ongoing Research in Management*, ISSN-2320-0065, pp. 1-9, 2013.

[78] G. Nagarajan, N. Sathyanarayana and A. A. Ali, “Non-Performing Assets is a Threat to India Bankng Sector –A Comparative study between Priority and Non-Priority Sector Leading in Public Sector Banks,” *International Journal of Advanced Research in Management and Social Science*, ISSN: 2278-6236, 2013.

[79]] N. Shabbir, “Regionwise Priority Sector Advances in India,” *Journal of Social Science for Policy Implications*, Vol. 1(2), pp. 9, 2013.

[80] G. Rajeswari, “Performance of commercial banks with special reference to priority sector lending: a case study of Srikakulam district,” Ph. D., Andhra University, Visakhapatanam, 2013.

[81 N. Shabbir and R. Mujoo, “ Problem of Non Performing Assets in Priority Sector Advances in India,” *Journal of Economics*, Vol. 2(1), pp. 241-275, 2014.

[82] L. Mehta and N. Malhotra, “Empirical Analysis of Non Performing Assets Related to Private Banks of India,’ *International Journal of Management Excellence*, Vol. 3(1), pp. 386-391, 2014.

[83] A. V. Banerjee and E. Duflo, “Do firms want to borrow more? Testing credit constraints using a directed lending program,” *The Review of Economic Studies*, Vol. 81(2), pp. 572-607, 2014.

[84] S. Dhar and A. Bakshi, “Determinants of loan losses of Indian Banks: a panel study,” *Journal of Asia Business Studies*, Vol. 9(1), pp.17-32, 2015.

[85] N. K. Malhotra, “Factor Analysis,” in Marketing research: An applied orientation, 5 ed, India, Pearson Education India, 2008, pp. 614

[86] N. K. Malhotra, " Frequency Distribution, Cross Tabulation, and Hypothesis Testing," in Marketing research: An applied orientation, 5 ed, India, Pearson Education India, 2008, pp. 454-462.

[87] N. K. Malhotra, " Analysis of Variance and Covariance," in Marketing research: An applied orientation, 5 ed, India, Pearson Education India, 2008, pp. 526-527.

[88] "Report on Trend and Progress of Banking in India," RBI, Mumbai, Maharastra, 2000 to 2016

[89] "Reserve Bank of India, Annual Report" RBI, Mumbai, Maharastra, 2000-2016

[90] https://rbi.org.in/scripts/PublicationsView.aspx?Id=14685

[91] https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!4

[92] RBI circular RBI/2011-12/107 of Rural Planning & Credit Department

[93]https://rbi.org.in/scripts/PublicationsView.aspx?Id=6858

[94] https://rbi.org.in/scripts/PublicationsView.aspx?Id=7842

[95] https://rbi.org.in/scripts/PublicationsView.aspx?Id=11988

[96] https://rbi.org.in/scripts/PublicationsView.aspx?Id=13110

[97] https://rbi.org.in/scripts/PublicationsView.aspx?Id=13886

[98] https://rbi.org.in/scripts/PublicationsView.aspx?Id=14687

[99] https://rbi.org.in/scripts/PublicationsView.aspx?Id=14685

[100] http://www.jagranjosh.com/general-knowledge/list-of-all-five-year-plans-of-india-1468309723-1

[101] https://en.wikipedia.org/wiki/Five-Year_Plans_of_India

[102] http://planningcommission.nic.in/plans/planrel/fiveyr/welcome.html

[103]http://shodhganga.inflibnet.ac.in/bitstream/10603/70586/12/12_chapter%202.pdf

[104] http://www.livemint.com/2009/07/20110659/Delhi-Metro-acquired-excess-la.html

(ग्राहकों के लिए प्रश्नावली)

इस प्रश्नावली को प्राथमिक क्षेत्र के लोन की गुणवत्ता संबंधी समस्याओं के अध्ययन के लिए तैयार किया गया है, जिनका सामना ग्राहकों द्वारा आमतौर पर किया जाता है।

1. लिंग पुरूष ☐ महिला ☐

2. आयु 30 वर्ष से कम ☐ 30–40 वर्ष ☐ 40–50 वर्ष ☐ 50 से ऊपर ☐

3. शिक्षा मैट्रिक से कम ☐ 10वीं से 12वीं ☐ ग्रेजुएट ☐ पोस्ट ग्रेजुएट ☐

4. वार्षिक आय 1 लाख रूपये से कम ☐ 1–4 लाख रूपये ☐ 4–8 लाख रूपये ☐ 8 लाख रूपये से ऊपर ☐

5. कौन से बैंक से लोन लियाः

सरकारी बैक ☐ प्राईवेट बैंक ☐

6. लोन का प्रकारः

कृषि ☐ लघु उद्योग ☐ अन्य (कृप्या स्पष्ट करें) ☐

7. लोन पर ब्याज दर क्या है?

7 प्रतिशत से कम ☐ 7 से 11 प्रतिशत ☐ 11 प्रतिशत से अधिक ☐

8. लोन प्राप्ति के लिए क्या आपको कोई संपत्ति जमानत के रूप में रखनी पड़ी?

हां ☐ नहीं ☐

9. क्या आपने जिस प्रयोजन के लिए लोन लिया था, उसके अलावा किसी अन्य प्रयोजन के लिए भी इसका उपयोग किया?

हां ☐ नहीं ☐

10. लोन लेने की प्रक्रियाः

	पूर्णतः असहमत	असहमत	कुछ हद तक असहमत	कुछ हद तक सहमत	सहमत	पूर्णतः सहमत
समय लेने वाली है।						
कठिन है।						

11. बैंक द्वारा आपकी जरूरत के मुताबिक लोन की पर्याप्त राशि उपलब्ध करवाई गई

पूर्णतः असहमत ☐ असहमत ☐ कुछ हद तक असहमत ☐ कुछ हद तक सहमत ☐

सहमत ☐ पूर्णतः सहमत ☐

12. लोन आसानी से और जल्दी मिल जाता है, यदि :

	पूर्णतः असहमत	असहमत	कुछ हद तक असहमत	कुछ हद तक सहमत	सहमत	पूर्णतः सहमत
बैंक कर्मचारियों को उपहार दिये जाये						
बैंक कर्मचारियों को पैसा दिया जाये						
एजेंटों को उपहार दिये जाये						
एजेंटों को पैसा दिया जाये						

13. क्या आप जागरूक है:

	पूर्णतः अनभिज्ञ	अनभिज्ञ	कुछ हद तक अनभिज्ञ	कुछ हद तक जागरूक	जागरूक	पूर्णतः जागरूक
विभिन्न बैंकों की ब्याज दरें						
लोन की विभिन्न स्कीमें						
ब्याज दरों पर सबसिडी						
लोन पर सबसिडी						
लोन के लिए जरूरी मार्जिन राशि						
लोन के लिए जरूरी सिक्योरिटी						

14. लोन स्वीकृत होने से पहले बैंक कर्मी कितनी बार आपके पास आये।

एक बार ☐ दो बार ☐ तीन बार ☐ चार बार ☐ पांच बार ☐ छह बार से ज्यादा ☐

15. लोन स्वीकृत होने के बाद बैंक कर्मी कितनी बार आपके पास आये।

कभी नहीं ☐ साल में एक बार ☐ साल में दो बार ☐ तिमाही में ☐ प्रतिमाह ☐ साप्ताहिक ☐

16. लोन की किश्त की अदायगी के समय आपको पत्र/मेल/फोन/या किसी अन्य माध्यम से सूचित किया जाता है?

कभी नहीं ☐ शायद ही कभी ☐ कभी–कभी ☐ अधिकतर ☐ हमेशा ☐

17. आपको लोन की किश्तों का भुगतान कैसे करना होता है?

साप्ताहिक ☐ प्रतिमाह ☐ त्रैमासिक ☐ अर्धवार्षिक ☐ वार्षिक ☐ अन्य ☐

यदि अन्य,कृप्या स्पष्ट करें

.....

18. बैंक लोन की अदायगी के लिए आपकी सुविधा का ध्यान रखता है?

कभी नहीं ☐ शायद ही कभी ☐ कभी–कभी ☐ अधिकतर ☐ हमेशा ☐

19. आपने अपने लोन का प्रयोग किया:

	कभी नहीं	शायद ही कभी	कभी–कभी	अधिकतर	हमेशा
पुराने उधार चुकाने के लिए					
किसी अन्य परियोजना के लिए					
सामाजिक आयोजनों के लिए					
भावी निवेश के लिए					

20. आप अपनी संतुष्टि के आधार पर बैंक कर्मियों के व्यवहार का मूल्यांकन किसी प्रकार करेंगे?

	पूर्णतः असंतुष्ट	असंतुष्ट	कुछ हद तक असंतुष्ट	कुछ हद तक संतुष्ट	संतुष्ट	पूर्णतः संतुष्ट
स्कीम की जागरूकता के लिए बैंक कर्मियों की पहल						
मार्गदर्शन						
औपचारिकताएं पूरी करने में मदद						
सहयोग की भावना						
विभिन्न योजनाओं के बारे में बैंक कर्मियों का ज्ञान						

21. यह लोन बढ़ाता है:

	पूर्णतः असहमत	असहमत	कुछ हद तक असहमत	कुछ हद तक सहमत	सहमत	पूर्णतः सहमत
आपकी आय						
आपका रोजगार						
आपका सामाजिक प्रतिष्ठा						

22. क्या आप लोन की किश्त का भुगतान समय पर करते है?

हां ☐ नहीं ☐

23. यदि कभी समय पर लोन की किश्त का भुगतान नहीं हो सका, तो कारण है:

	पूर्णतः असहमत	असहमत	कुछ हद तक असहमत	कुछ हद तक सहमत	सहमत	पूर्णतः सहमत
कम आय						
बैंक कर्मी द्वारा याद न दिलाना						
लोन की किश्त की अदायगी सुविधा अनुसार नहीं						
लोन माफ होने की उम्मीद						
दोषपूर्ण संपत्ति की खरीद						

24. आप बैंक की सेवाओं का मूल्यांकन कैसे करेंगे?

पूर्णतः असंतुष्ट ☐ असंतुष्ट ☐ कुछ हद तक असंतुष्ट ☐ कुछ हद तक संतुष्ट ☐ संतुष्ट ☐ पूर्णतः संतुष्ट ☐

25. किस हद तक बैंक द्वारा दिया गया लोन आपकी अपेक्षाओं को पूरा करने में सक्षम था?

पूर्णतः असंतुष्ट ☐ असंतुष्ट ☐ कुछ हद तक असंतुष्ट ☐ कुछ हद तक संतुष्ट ☐ संतुष्ट ☐ पूर्णतः संतुष्ट ☐

26. बैंक द्वारा लोन देने की प्रक्रिया एवं संपूर्ण कार्य प्रणाली का मूल्यांकन आप किस प्रकार करेंगे?

पूर्णतः असंतुष्ट ☐ असंतुष्ट ☐ कुछ हद तक असंतुष्ट ☐ कुछ हद तक संतुष्ट ☐ संतुष्ट ☐ पूर्णतः संतुष्ट ☐

27. बैंक की कार्य प्रणाली में सुधार के लिए सुझाव:

.....

.....

.....

Appendices – II

(Questionnaire for bank officials)

This questionnaire is prepared to study the quality issues in Priority Sector Lending, which are being faced by the bank managers.

Working with public or private bank.....
District.....

Please tick in the appropriate column

1. No of Accounts are more in Priority Sector Lending

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

2 No of visits pre sanctioning loans are more in Priority Sector Lending.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

3 No of visits post sanctioning loans are more in Priority Sector Lending.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

4 For recovery, reminder (visits/calls/notices or any other method) are more in Priority Sector Lending.

.	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

5 Your Bank organize special events for increasing PSL Loans

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

6 Priority Sector Lending increase work burden.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

7 The borrower having political or social reference get loan early.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

8 Due to political or social reference, banks have to disburse such kind of advances which are not good.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

9 For fulfilling the target you need to disburse such kind of advances which are not good.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

10 For fulfilling the target non PSL loans are also classified as PSL.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

11 In Priority Sector Lending there is more wilful default.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

12 Recovery in PSL is difficult.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

13 Recovery in PSL is difficult because borrower spent amount on social ceremonies.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

14 Recovery in PSL is difficult because borrower use loans for paying old debts.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

15 Recovery in PSL is difficult because loan amount is not adequate for borrow need.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

16 Recovery in PSL is difficult because of defective project appraisal.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

17 Recovery in PSL is difficult because borrower purchase defective assets.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

18 Recovery in PSL is difficult because of lack of follow up by bank officials.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

19 Recovery in PSL is difficult because of loss from the activity financed.

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

20 Due to Priority sector advance net income to the banks is less

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

21 No of accounts consideration can motivates bank employees for more priority sector advances

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

22 Reward can motivates bank employees for more priority sector advances

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

23 Incentive can motivates bank employees for more priority sector advances

	Strongly Disagree	Disagree	Somewhat disagree	Somewhat agree	Agree	Strongly agree
Agriculture PSL						
SSI PSL						
Others PSL						

24 Any other suggestion for improving Priority Sector Loans.

BRIEF PROFILE OF THE RESEARCH SCHOLAR

Ms. Neha Goyal is working as an Assistant professor with Department of Management Studies, YMCA University of Science and Technology, Faridabad. Her qualification is B.Com, M.B.A. and M.Com. She is registered with YMCA University for pursuing Ph.D. She is having total 10 years of experience in various sectors like share market, recruitment of analytics and education. Her area of interest includes finance, stock market and banking practices. The researcher had published 8 papers in national/international journals. The researcher has also presented various papers in national/international conferences.

LIST OF PUBLICATIONS OUT OF THESIS

LIST OF PUBLISHED PAPER IN INTERNATIONAL JOURNAL

Sr. No	Title of the paper	Name of the Journal	ISSN No.	Volume and Issue	Year	Pages
1	A Study for Identifying Reasons for Low Preference of Priority Sector Lending of Indian Commercial Banks	International Journal of Sustainable Economies Management (IJSEM), IGI, Global	ISSN: 2160-9659|EISSN: 2160-9667	Volume 5, Issue 2	2016	21-34
2	A Study for Identifying Issues Faced by Bank Officials in Agriculture Priority Sector Lending	International Journal of Advance Science and Technology, SERSC, Australia	ISSN: 2005-4238	Vol.90	2016	41-48
3	Two Way Fixed Effect of Priority Sector Lending (Sector Wise) on Non Performing Assets of Indian Commercial Banks	International Journal of BRIC Business Research (IJBBR), Wireilla Scientific Publisher	ISSN: 2201-4179	Volume 5, Number 1	2016	1-15
4	Review of Priority Sector Lending Performance of Indian Commercial Banks	Asian Journal of Management, A & V Publication	ISSN 0976-495X (Print), 2321-5763 (Online)	Volume 6, Number 4	2015	302-306
5	Comparative Analysis of Non Performing Assets of Priority Sector Lending (Sector Wise) of Public and Private Banks of India	ZENITH International Journal of Business Economics & Management Research	ISSN 2249- 8826	Volume 5, Number 1	2015	99-108
6	A Study of Trends and Practices of Priority Sector Lending Targets of Commercial Banks Since 2000	YMCAUST International Journal of Research	ISSN: 2319-9377	Volume 1, Issue 2	2013	

LIST OF PUBLISHED PAPER IN BOOK AS A CHAPTER

S.No	Title of the paper along with Issue No, year of publication	Publisher
7	A Study of Effect of Priority Sector Lending (Sector Wise) on Non Performing Assets of Indian Commercial Banks, ISBN: 978-93-81212-89-9,2015	Bharti Publication, New Delhi

LIST OF PAPER IN CONFERENCE

S. No	Title of the paper along with year	National/ International	Name of Conference	Institute
8	Contribution of Priority Sector Lending Targets of Indian Commercial Banks in Economic Development	International	SDREM	YMCA UST, Faridabad
9	A Study for Finding Reasons of Low preference for Priority Sector Lending in Agriculture Segment, April 2015	International	PSIMT	YMCA UST, Faridabad
10	A Critical Study on Environment Degradation and Agriculture PSL Practices	National	Agriculture in the Age of Globalization	DAV Centenary College, Faridabad