ABSTRACT

Priority Sector Lending- A Study of Commercial Banks in Punjab Since 1991

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The study is related to performance of public and private sector banks in Punjab with respect to branches, deposits, credit, priority sector advances, agricultural advances, small scale industrial advances and other priority sector advances during post reforms period. For the purpose of study, two sets of data have been collected. One set of data pertaining to period 1990-91 to 2007-08 has been collected from secondary sources which include RBI Bulletin, Report on Trend and Progress of Banking in India, Statistical Abstract of Punjab, Agenda Paper on State Level Bankers’ Committee Punjab and various websites, etc. The second set of data has been collected from the beneficiaries and bank managers through questionnaire. The study found that branches, deposits, credit, priority sector advances, agricultural advances, small scale industrial advances and other priority sector advances of private sector banks in Punjab grew at higher rate than that of public sector banks in Punjab. Public sector banks in Punjab showed faster growth in the case of other priority sector advances followed by agricultural advances and small scale industrial advances while in the case of private sector banks agricultural advances grew at higher rate followed by other priority sector advances and small scale industrial advances. Private sector banks in Punjab had higher growth than their counterpart in terms of achievement of targets regarding total priority sector advances and its various components. There was uneven distribution of total priority sector advances and its various components by the banks in different districts of Punjab during the reference period. Further the opinion of beneficiaries and bank managers regarding priority sector lending was studied. In the end, some suggestions were given for the improvement in the performance of commercial banks regarding priority sector lending programme.