CHAPTER VIII

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Contents

8.1 Introduction 225

8.2 Findings 227

8.2.1 Scheduled Commercial Banks at the National Level 227

8.2.2 Scheduled Commercial Banks in Kerala 229

8.2.3 Attitudes of Bank Managers 230

8.3 Conclusion 233

8.4 Recommendations 235

8.5 Further Areas of Research 239
CHAPTER VIII

SUMMARY OF FINDINGS AND RECOMMENDATIONS

8.1 Introduction

Rural development has always remained the focal point of economic development of the country since the beginning of the planning era. In the Indian context, it is a societal problem rather than an economic problem. The objective of rural development is to promote economic activities by ensuring effective utilization of rural resources, and ensuring adequate human welfare in the rural life. Bank finance is an inevitable factor determining and facilitating the utilization of rural resources and economic activities. The concept of social banking was introduced by the Central Government in 1960’s and major banks were nationalized and clear instructions were given for opening branches in rural unbanked areas with the clear understanding that banks should act as a good friend of rural people.

But it is distressing to note that the BSRs introduced in India changed the attitudes of banks and they now provide top priority for profitability and wealth accumulation. Their participation in rural areas in the form of number of branches, growth of deposits and credits, and CD ratios declined during the post reform period. The thrust on agriculture credit also declined. The flow of rural deposits to urban areas created problem of shortage of funds in rural activities. So the low CD ratio is a hot issue in the state for the last few years. At the same time, profitability of SCBs improved considerably in the post reform period. In this context, the impact of BSRs on the performance of SCBs in rural credit is analysed.

The objectives of the study are to evaluate the impact of banking sector reforms on deposits, advances, priority sector advances and agriculture credit of SCBs in India and Kerala, to identify the problems felt by bank managers relating to priority sector advances and government schemes lending, to examine the attitude of bank managers towards
priority sector advance, government schemes lending and banking sector reforms and to assess the level of support of bank managers towards banking sector reforms and to formulate recommendations.

Keeping in view the above objectives, following hypotheses were formulated and tested in the study.

1. There is no significant difference in the rate of growth in demand, time and total deposits, total advances, priority sector advance, agricultural lending and SSI advances of scheduled commercial banks in pre and post reform periods at national level.
2. There is no significant difference in the rate of growth of deposits and advances of scheduled commercial banks in Kerala in pre and post reform periods.
3. There is no significant difference in the rate of growth of deposits and advances, priority sector advance and agricultural lending of scheduled commercial banks between Kerala and India.
4. The bank managers have a neutral attitude towards priority sector advance and government schemes lending.
5. The attitude of bank managers towards banking sector reforms is not significantly different.
6. There is no significant difference in the level of support of bank managers towards banking sector reforms.

The study was both empirical and analytical. Data were collected from both primary and secondary sources. For a primary survey at the branch level of scheduled commercial banks, a sample of 90 branch offices (out of 361) from Ernakulam and Idukki districts were selected. Sixty-five branch offices were selected from Ernakulam District (40 PSBs and 25 Private Sector banks) from 15 blocks and 25 branch offices (16 PSBs and 9 Private sector banks) from 8 blocks in Idukki District. The sample of 90 units constitutes 25 percent of the total units in the source list.
Secondary data were collected from published and unpublished records of Government Departments, RBI publications, Lead bank offices, SLBC offices, branches and regional offices of scheduled commercial banks, NABARD offices and periodicals like Yojana, kurushetra, prajanan, Economic and Political Weekly etc.

The Tools of analysis applied were Ratios, Percentages, Averages, Compound growth rates, Gutman split-half technique, Multi Dimensional Scaling, F test, Student’s t test, Likert analysis, Analysis of variance and Chow test.

8.2 Findings

The major observations of the study are summarized into three heads.

8.2.1 Scheduled Commercial Banks at the National Level

It was found that there was a decline in the rate of growth of scheduled commercial bank branches from 69 percent in the pre-reform period to 11 percent in the post reform period. The number of rural branches increased from 17656 to 35206, nearly 100 percent, in the pre-reform period whereas it declined to 32200 in the post reform period. Further, the proportion of rural to total branches increased from 49.4 percent to 58.5 percent in pre reform period whereas it declined to 48 percent in the post reform period.

The analysis made in respect of deposits revealed that there was a significant decline in the rate of growth of time, demand and total deposits of CBs in the post reform period. The share of PSBs in total deposits declined from 90.8 percent to 87.6 percent in the pre-reform period and further to 75.1 percent at the end of 31st March 2002. But the share of private sector banks increased from 4.4 percent to 15.3 percent in the post reform period. The participation of RRBs was found to be insignificant and the participation of foreign banks declined in the post reform period.

It was found that there was a significant increase in the rate of growth in total loans and advances given by SCBs from 15 percent in the pre reform period to 15.6 percent in the
post reform period. The analysis also revealed that the share of rural credit in total loans and advances increased from 11.9 percent to 14.2 percent in the pre reform period; however, it steadily declined in the post reform period.

The CD ratio of SCBs showed a declining trend both in pre and post reform periods. It was noticed that the rural CD ratio which was hovering around 60 percent in the pre reform period sharply declined to 41.8 percent towards the end of the post reform period. However, though metropolitan CD ratio showed a declining trend during the pre reform period, it sharply increased in post reform period.

In the pre reform period, priority sector credit hovered around 40 percent, whereas it declined to 34.5 percent by the end of the post reform period under study. It was also found that in none of the years in the post reform period, the minimum PSA rate of 40 percent was achieved. The exponential growth rate of PSA found to have declined from 17.6 percent in the pre reform period to 14.1 percent in the post reform period. The decrease in the rate of growth was found to be significant.

Agriculture advance was around 17 percent of net bank credit in the pre reform period and it declined to 11.9 percent in the post reform period. Here also, the prescribed minimum rate of 18 percent was not achieved in any of the years during the post reform period. Further, the compound rate of growth declined from 17 percent in the pre reform period to 12.7 percent in the post reform period. It was found that the decrease in the rate of growth in the post reform period was statistically significant.

SSI advance was around 16 percent of net bank credit in the pre reform period, which declined to 8.6 percent in the post reform period. The compound growth rate declined from 17.6 percent in the pre reform period to 11.2 percent in the post reform period and this decline was found to be significant.

The analysis of advances to different category of farmers revealed that the compound growth rates in advances to marginal, small and large farmers declined from 18.4 percent,
20.2 percent and 16.1 percent respectively in the pre reform period to 9.5 percent, 10.9 percent and 10.2 percent respectively in the post reform period. It was found that the decline in the rates of growth was significant in all categories of farmers.

8.2.2 Scheduled Commercial Banks in Kerala

The analysis of deposits showed that the share of domestic deposit in total deposit declined from 75.4 percent to 70.7 percent in the pre reform period and further to 54.4 percent in the post reform period. In contrast to the trend at the national level, it was found that the compound growth rate in deposits increased from 12.9 percent in the pre reform period to 15.7 percent in the post reform period and this increase was found to be statistically significant. There was significant increase in growth rates in both domestic and NRE deposits also.

Similar to the trend in the growth rate of deposits, there was significant increase in the growth rate in advances also. Still it is below the growth rate at the national level. It was also found that there was significant difference between the growth rates at the national level and at the state level in respect of both deposits and advances.

The average CD Ratio of SCBs in the state declined from 60.8 percent in the pre reform period to 45 percent in the post reform period. The All India CD Ratio of SCBs also declined from 62.8 percent to 58 percent during the same period. It was also found that the deposits and advances of total PSBs, state bank group, nationalized banks and private sector banks increased at higher compound rates in the post reform period and this increase was significant.

During the post reform period priority sector advances in the state increased from 42.2 percent to 49.35 percent of the total bank credit, whereas at the national level the rate declined from 36.17 percent to 31.38 percent. In none of the years during the post reform period, the rate was not below the prescribed minimum of 40 percent in the state. It was higher than that at the national level in the post reform period.
Although a 5.5 fold increase was noticed in agriculture advance during the post reform period, the percentage of agriculture declined from 16.1 percent to 14.1 percent. The target of 18 percent was not achieved in any of the years during the post reform period. But the rate of agriculture advance in the state was higher than that of at the national level.

The state level compound rates of growth in priority sector advance, agriculture advance and SSI advance were 15.8 percent, 13.5 percent and 12.4 percent respectively. These rates were found to be significantly higher than the corresponding rates at the national level.

8.2.3 Attitudes of Bank Managers

To know the attitude of bank managers towards priority sector advances and banking sector reforms and to realize the problems in priority sector advances and government schemes lending, primary data were collected with help of a structured questionnaire. Ten statements were used to evaluate the attitude of bank managers towards priority sector advances and ten problem statements were used to evaluate the intensity of PSA problems felt in the respondent bank branches. In evaluating the problems felt in government schemes lending, eleven problem statements were used. To know the attitude of bank managers towards the banking sector reforms, eight statements were used and for evaluating the level of support of bank managers towards banking sector reforms thirteen statements were used.

It was found that more than 70 percent of the respondent branches provided priority sector advance of more than 40 percent of the net bank credit. With regard to agriculture advances, it was found that more than 60 percent of the respondent branches provided agriculture advances at the rates higher than 20 percent of their total advances. The share of private sector banks was comparatively low compared to that of SB group and NBs. The SSI advances of respondent branches are found satisfactory, as the share of the
majority of them was around 20 percent. In advances to small business, it was noted that 26 percent of the respondents provided between 20 percent and 30 percent, and 19 percent provided between 30 percent and 40 percent of the total advance. It was also found that 41 percent of the managers provided only less than 10 percent and 35 percent provided between 10 percent and 20 percent of the total advance as self-employment loans. In education loan, it was found that more than 60 percent of respondent branches provided only less than 10 percent of total loans as education loans.

It was noticed that default in loans was not at all a problem in respondent branches as the rate of default was only 10 percent for agriculture, SSI, small business and self-employment loans for around 50 percent of respondent branches. The same trend is found in different bank groups also.

It was also realized that 60 percent of respondent branches have only less than 10 percent default in education loans and 23 percent of branch managers provided no option as it is a new segment of lending in their branches.

It was found that more than 90 percent of managers responded positively for retaining PSA and the same pattern of agreement is found in all bank groups. It was also found that majority of managers were satisfied in priority sector advance. Among different bank groups, the managers of PSBs were found more satisfied whereas some dissatisfaction was in existence in private sector banks. Majority of managers were satisfied with government scheme lending also and much difference was not found in different bank groups in satisfaction levels.

It was realized from the analysis that the bank managers have a positive attitude towards PSA. It was also noticed that there is significant difference in the attitudes of bank managers in Ernakulam and Idukki districts. Although the managers in two districts have positive attitudes towards PSA, the managers having more favourable attitudes are found in Ernakulam district. It is also realized that even though positive attitudinal managers are found in Idukki district, the responses of negative attitudinal managers are found
stronger. The bank category wise analysis reveals that there is no significant difference in the attitudes of bank managers in different category of banks towards PSA.

Multi dimensional scaling was used to analyze the problems felt by bank managers in priority sector advances and government schemes lending and found the intensity of problems in the following order.

The main problems of SCBs in priority sector advances are deliberate default, lack of adequate commitment from the part of borrowers, poor recovery of loans, misutilisation of loans and lack of sufficient security to offer by the borrowers.

The district wise analysis showed that the main problems in PSA of SCBs in Ernakulam district are poor recovery of loans, lack of adequate security and deliberate default from borrowers. But the main problems in Idukki district are identification of beneficiaries and non co-operation of bank staff.

The banks group wise analysis showed that main problems of PSA in SB group are identification of beneficiaries and non co-operation bank staff. But the main problems in nationalized banks are misutilisation of loans, identification of beneficiaries and lack of commitment from borrowers. The main problems in private sector banks are lack of adequate security, frequent changes in government policy, poor recovery of loans and misutilisation of loans.

The main problems felt by SCBs in government schemes lending are identification of beneficiaries, ignorance of beneficiaries, lack of monitoring and lack of training.

From the district wise analysis, it was found that main problems in government schemes lending of SCBs in Ernakulam district are identification of beneficiaries and ignorance of beneficiaries. But the main problems in Idukki district are lack of monitoring, lack of training in jobs and ignorance of beneficiaries.
The bank group wise analysis revealed that the main problems in government schemes lending in SB group are lack of monitoring, lack of training, ignorance of beneficiaries and identification of beneficiaries. In nationalized banks the main problems in government scheme lending are lack of monitoring, ignorance of beneficiaries, identification of beneficiaries and political interference. The main problems of private sector banks in government scheme lending are political interference, taking of loans for availing subsidies and lack of training.

With regard to the attitudes of bank managers towards Banking Sector Reforms it was realized from the analysis that bank managers have a neutral attitude towards BSRs. It was further realized that the attitudes of bank managers towards BSRs in Ernakulam and Idukki districts are not significantly different. The bank category wise analysis also shows that there is no significant difference in the attitudes of bank managers towards BSRs in different bank groups.

The analysis on the level of support of bank managers towards Banking Sector Reforms revealed that the bank managers are not neutral towards banking sector reforms; they are marginally supporting the reform measures. The district wise analysis revealed that there is no significant difference in the level of support of bank managers towards BSRs in Ernakulam and Idukki districts. From the bank group wise analysis it was found that there is no significant difference in the level of support of bank managers towards BSRs in different bank groups.

8.3 Conclusion
Policy decisions may not be cent percent fruitful. Here also the effects of BSRs are not entirely painless. There are both achievements and pitfalls as a result of banking sector reforms. On the one side, the reform measures made certain positive changes. The profitability and financial health of SCBs considerably improved, capital base widened, assets quality enhanced, operating expenses and NPA level considerably declined. On the other side, there are certain pitfalls. The functional performance of SCBs worsened at the national level in the post reform period. The growth rate of deposits and advances and the
share of rural deposits and advances to total declined in the post reform period. However, the share of metropolitan deposit and advances to total increased. The all India rural CD ratio also declined, but the metropolitan CD ratio sharply increased.

The compound rate of growth in the amount of priority sector advance, agriculture and SSI advance also declined significantly at the national level in the post reform period. The compound rate of growth in the amount of advances to marginal, small and large farmers also declined. These show that a paradigm shift has taken place in bank advances, particularly in priority sector advance. Banks want to play safe and so their priorities in lending are directed towards new vistas like housing, vehicles, consumer durables, construction etc. So the emerging needs of agriculture and industry are getting back seats.

In contrast to the national level results, the deposits and advances increased at higher compound rate in Kerala in the post reform period. Although the CD ratio showed a declining trend, some positive signs are found at the end of the post reform period. But it is distressing to note that the CD ratio of the Kerala based private sector banks is lower than that of PSBs, though they have a good capital base. The compound rate of growth in the amount of priority sector advances increased, but the share of agriculture and SSI advance declined in the post reform period. However, the state level rates are higher than the national level rates.

In a developing economy like India, social goals should go side by side with economic goals to alleviate poverty by providing credit facilities to priority sector, particularly to the weaker sections of the society. So the functional performance of SCBs needs to be revitalized and strengthened. The saving – led SHG-bank linkage programme initiated by NABARD in 1992 as a pilot project for linking 500 SHGs to banks, has now been recognized as the largest and fastest growing micro finance programme in the world and as on 31 st march 2004, bank credit has been extended to 10,79,091 SHGs (Yadav 2005).The mission of NABARD is to link one million SHGs with the overall banking system by the year 2008, of course, a welcome approach. Further, as part of its thrust on
agriculture, Union Bank of India also started to open village knowledge centers and rural training centers in all districts in the country for the benefit of farmers.

More over the need of PSA was greatly accepted by the respondent managers of banks as more than 90 percent of them agreed to retain PSA and were found satisfied in their priority sector advance. But their support to BSRs was found only marginal. They did not support the reform measures like reduced importance to directed lending, reduction of subsidies in PSA, entry of foreign banks, reduction of government control and disinvestment of PSBs. They want to continue the PSA as such. So even in this globalised banking scenario, PSA and agriculture credit would continue to play a crucial role in the growth and development of our economy. The imbalance in credit needs to be immediately corrected and the excessive importance provided to profit and market by SCBs should be reduced. At the same time, it is true that an organization cannot sustain without profit and financial stability. So the need of the hour is a good balance between economic and social performance of SCBs. There fore, at present, the challenge of policy makers is to identify the future risks and reduce the negative impact of reform measures on the society by strengthening the banking sector with up to date technology driven measures.

8.4 Recommendations

The researcher likes to propose the following recommendations in order to solve the problems deeply felt in the banking sector.

1. Rural development projects tend to suffer if the banking policy makers do not adopt a bolder approach to rural credit. The number of rural branches should be increased so as to give more credit to farmers. The SCBs should act as best friends of rural people.

2. The vast potentials of mobilizing deposits in rural areas should be effectively utilized by designing suitable action plans.

3. The choice between formal and informal credits is mainly determined by their accessibility in rural areas. The informal sector is characterized by simplicity and
flexibility. So the formal institutions of SCBs must be made freely accessible to farmers and poorer sections of the society.

4. There is a tendency for formal credit institutions to flow more easily to agriculturally developed regions and to relatively larger farmers, leaving the backward regions and small farmers to the informal moneylenders. This should be corrected and steps should be taken to enhance credit facilities to small and marginal farmers.

5. Steps should be taken to ensure successful management of credit by providing right type and right amount of loans to right type of clients. This helps to enhance productivity and quality of lending, so that credit deployed ensures the expected level of production, employment and income, which will guarantee timely repayment of loans and recycling of loanable funds.

6. Production, processing and marketing should be integrated with credit so that there is value addition and ready market for farm products.

7. The pre credit and post credit appraisals should be strengthened.

8. The CD ratio of SCBs should be improved. Since the CD ratios of Kerala based private sector banks are below the national average and state average, they should immediately change their attitude and start to fulfill their social obligations towards the state.

9. The directives from the top to reduce NPAs and improve profitability by adopting newer prudential norms actually forced SCBs to cut short their risky lending. So they neglected the priority sector. The government should provide adequate directives to banks for giving due weightage to priority sector advance.

10. Along with economic goals of profitability, importance should be given to social goals also for alleviating poverty and ensuring sustainable development in the society.

11. Agriculture credit should be improved.
12. The allied segments of agriculture like pig farming, cattle farming, poultry farming, floriculture, aquaculture etc. should be promoted in rural areas by giving timely credit so that the economic conditions of rural people can be improved.

13. The reverse transmission of funds from rural to urban and metropolitan areas should be arrested and steps should be taken to deploy the rural deposits in the rural area itself.

14. Towards fulfilling the social objectives, SCBs should provide adequate financial support to government sponsored programmes like SGSY, PMRY etc. and ensure their constant monitoring for effective utilization of funds.

15. As most bank managers argued that the low CD ratio and rejection of loans were due to the non-viability of projects, the banks should assist small entrepreneurs in rural areas in preparing feasible project reports.

16. More credit should be provided to rural industrialization as it helps the effective utilization of rural resources, generate employment and improve the economic conditions of people.

17. Rural women entrepreneurship should be promoted by providing financial assistance to their activities as women empowerment helps to establish a better social order in the area.

18. SCBs should extend co-operation to Panchayath Raj Institutions for the integrated development of rural areas.

19. As Self Help Groups (SHGs) like Kudumbasree units are found successful in rural areas, the programme of SHGs linkage of SCBs should be widened.

20. Bank customers meet should be convened periodically to discuss bank matters, problems of customers, schemes of loans etc. for providing adequate information to customers that helps to establish cordial relationship and result timely repayment of loans.
21. The functions of State Level Banker Committee (SLBC), District Level Bankers Committee (DLBC) and Block Level Bankers Committee (BLBC) should be regenerated and strengthened so that timely information can be provided to banking authorities for decision making and also for supporting researchers relating to banking activities.

22. Lack of security is a problem felt in banks, particularly in government schemes lending. The poor people cannot have adequate security to offer. So the government should guarantee such loans.

23. Misutilization of loans is common in government sponsored schemes and it can be arrested through a proper system of monitoring.

24. The problem of identification of beneficiaries can be tackled through a proper system of preliminary evaluation.

25. Default in loans is a major problem of banks, especially in government sponsored schemes. Proper awareness should be created for prompt repayment and incentives or interest subsidy should be provided for prompt repayment of loan amounts. At present revenue recovery proceedings are taken in default cases of less than Rs. 10 lakhs and cases of above Rs. 10 lakh referred to Debt Recovery Tribunals (DRTs). So the government should simplify and speed up the revenue recovery proceedings and strengthen the work of DRTs for ensuring confidence among the people in the working of banks.

26. The concept of write off’s should be removed from the minds of people and the government should be bold enough to declare that no more write off in bank loans is possible.

27. The political interference in sanctioning loans should be avoided.

28. Deliberate default is usually made by influential borrowers. So the managers should be careful in ensuring sufficient realizable security from them at the time of granting loans.
29. Most of the government scheme loans were taken for availing subsidies. This can be prevented by close monitoring of loans and subsidy should be provided only to the viable and living units.

The above suggestions, it is expected, would provide adequate background to the policy makers for correcting the adverse trends found in the banking sector and helps to ensure sufficient funds for rural development.

8.5 Further Areas of Research

To study the impact of Banking and Financial Sector Reforms on rural credit, only SCBs were taken into account in this study. There are RRBs, Co-operative banks and informal agencies in the rural area for providing loans and advances to rural people. So the study can be extended to these agencies and, thus, the topics for further study can be framed as under:

1. Role of Regional Rural Banks in rural credit.
2. Role of Co-operative banks in rural credit.
3. Role of Informal institutions in rural credit of Kerala.
4. A study on the financial performance of Scheduled Commercial Banks in India.
5. Service marketing of Scheduled Commercial Banks in Kerala.
6. Rural customer satisfaction in bank finance- A study with special focus on Kerala.
7. Agriculture credit in Kerala- A comparative study of commercial banks and co-operative banks.
8. Role of commercial banks in rural industrialization of Kerala.
9. Role of commercial banks in women entrepreneurship development in Kerala.
REFERENCES


Mathrubhumi Daily, March 2, 2005.
Mathur B.L., “Public Sector Banks in India – should they be Privatized?”, Economic and Political Weekly, June 8, 2002, pp. 2245 – 2256.


WEBSITES
www.rbi.com
www.censusindia.org
www.keralaind.com
http://www.kudumbashree.org
http://www.sjsry-kudumbashree.org
www.ssi.nic.in
www.keralaindustry.org
www.smallindustryindia.com
www.epw.org.in
www.nabard.org
QUESTIONNAIRE

This questionnaire is part of the study on Banking Sector Reforms and Rural Credit Delivery System. May I request you to kindly fill in the questionnaire? I assure you that the information collected through this questionnaire will be used only for research purpose and the identity of the officials involved in this questionnaire will not be disclosed.

Muvattupuzha.     Mohanan M.K M.Com. M.Phil,
02/05/2002      Lecturer Selection Grade,
                   Department of Commerce,
                   Nirmala College,
                   Muvattupuzha.
                   Phone: Off: 0485 – 2833497,
                   Res: 2830063.

Profile of the Respondent

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>Below 30</td>
<td>30 to 35</td>
</tr>
<tr>
<td>35 to 40</td>
<td>40 to 45</td>
</tr>
<tr>
<td>45 to 50</td>
<td>Above 50</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Rs. 20000</td>
<td>20000 to 25000</td>
</tr>
<tr>
<td>25000 to 30000</td>
<td>Above 30000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational Qualifications</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate</td>
<td>Post Graduate</td>
</tr>
<tr>
<td>Professional (Specify)</td>
<td>Technical (Specify)</td>
</tr>
</tbody>
</table>

Name of the bank:
1. Please indicate the participation of your branch in priority sector advance as percentage to total advance (Please tick in appropriate columns).

Less than 10% ☐ 10% - 20% ☐ 20% - 30% ☐ 30% - 40% ☐ Above 40% ☐

2. Out of the total priority sector advances, what is the percentage of disbursement in each of the following categories?

<table>
<thead>
<tr>
<th>Statements</th>
<th>Less than 10%</th>
<th>10%-20%</th>
<th>20%-30%</th>
<th>30%-40%</th>
<th>40%-60%</th>
<th>Above 60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and allied activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Scale Industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small business and retail trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and Self employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Roughly, what is the level of default in your branch in respect of the advances in each of the following categories?

<table>
<thead>
<tr>
<th>Statements</th>
<th>Less than 10%</th>
<th>10%-20%</th>
<th>20%-30%</th>
<th>30%-40%</th>
<th>40%-60%</th>
<th>Above 60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and allied activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Scale Industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small business and retail trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and Self employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Please indicate your level of agreement or disagreement to the following statements. (Please tick in appropriate columns).

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Credit to priority sector should continue to be given special attention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The rural economy has come of age and hence special consideration is unnecessary today</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) There is huge demand supply gap in rural credit delivery system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Priority sector advance leads to increased Non Performing Assets and therefore, it should be discontinued.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) The people in rural areas are still exploited by money lenders and thus, there is a need to save them from the clutches of money lenders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Priority sector advance affects the health of the entire banking system and hence the level of credit for priority sector should be scaled down.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) For fast agricultural and rural development, the multi-agency rural credit delivery system needs to be strengthened</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Banks find it difficult to recover the loans granted to priority sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) In priority sector advance, security position of beneficiaries doesn’t create much problem.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Ethics of repayment in the loanees of priority sector advance is low.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Do you agree with the statement that in the present economic set up, priority sector advance or directed lending should be retained?

   Strongly agree □  Agree □  Neutral □  Disagree □  Strongly disagree □

6. Is the priority sector advance in your bank satisfactory?

   Highly satisfactory □  Satisfactory □  Satisfactory to some extent □
   Not satisfactory □  Not at all satisfactory □

7. Do you face the following problems in priority sector advance?

<table>
<thead>
<tr>
<th>Problems</th>
<th>Very much (more than 75%)</th>
<th>Much (30% - 75%)</th>
<th>To some extent (10% - 30%)</th>
<th>Little (Less than 10%)</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Identification of beneficiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Lack of commitment from borrowers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Misutilisation of loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Rigid norms of banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Non co-operation of bank staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Lack of sufficient security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Frequent changes in government policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Deliberate default from the part of borrowers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Poor recovery of loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Crop failure and natural calamities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. Is the performance of your branch in the government schemes lending like IRDP, JRY, PMRY etc. satisfactory?

Very much [ ]  Much [ ]  To some extent [ ]  Little [ ]  Not at all [ ]

9. Do you face the following problems in the government schemes lending?

<table>
<thead>
<tr>
<th>Problems</th>
<th>Very much (more than 75%)</th>
<th>Much (30% - 75%)</th>
<th>To some extent (10% - 30%)</th>
<th>Little (Less than 10%)</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Identification of beneficiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Ignorance of beneficiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Lack of training in jobs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Lack of monitoring</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Misutilisation of loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Political interference</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Lack of security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Poor recovery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Lack of initiative of loanees to repay the loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Increased Non-Performing Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) Taking loans by beneficiaries for the sole purpose of availing subsidies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. Please indicate your agreement or disagreement with the following statements.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Banking sector improved the capability of the banking system to mobilise resources and effectiveness of its lending.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The Government of India showed too much hastiness in implementing reforms in the banking sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Banking sector reforms ensure adequate funds to the real sector of the economy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Banking sector reforms have created unnecessary competition in the banking sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Banking sector reforms strengthened the organizational structure of banks.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Frequent changes in interest rates on deposits and loans have created problems in accounting and dissatisfaction among customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Banking sector reforms have greatly benefited customers of banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Banking sector reforms have forced the bankers to give undue importance to profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. Please indicate your level of support for the following measures adopted by the government since 1990.

<table>
<thead>
<tr>
<th>Problems</th>
<th>Very high</th>
<th>high</th>
<th>Neutral</th>
<th>Low</th>
<th>Very low</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Deregulation of interest rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Reduction of SLR and CRR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Reduced importance to directed lending</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Increased competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Increased financial supervision by RBI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Reduction of subsidies in priority advance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Disinvestments of PSBs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Increased participation in financial markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Entry of foreign banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j) Voluntary retirement scheme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k) Increased automation including internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l) Emphasise on corporate lending, consumer credit and capital market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>m) Reduction of government control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. If you have any suggestions or comments relating to rural credit, please specify.

........................................................................................................
........................................................................................................