CHAPTER V

SERVICE AREA APPROACH AND CREDIT PERFORMANCE OF BANKS

With the nationalisation of commercial banks there had been considerable progress in the flow of institutional credit to the rural areas. There had been tremendous progress not only in the number of bank branches but also in the volume of credit. Though the commercial banks had enlarged their credit, the quality of lending had been far from satisfactory. The quality of lending varied from bank to bank and area to area. Multi-agency approach resulted in lop-sided deployment of credit, fraudulent double financing, sectoral imbalances in credit distribution and lack of responsibility on the part of bank branches for loaning viable activities in the operational villages. Scattered lending over wide areas diluted the quality of lending. Post-disbursement supervision was paid little or no attention. As such there was no monitoring of the end use of funds. Consequently not much attention was given for productive lending. To overcome these problems in the institutional credit, the Service Area Approach (SAA) was introduced. Under this approach, the assignment of the compact area to each branch would enable effective monitoring of the end use of credit and make it easier to assess its impact on the increase in the levels of production, productivity and income in the rural areas. The scheme aims at improving the quality of lending by intensive planning at the grassroot level and better supervision.
5.1 DISBURSEMENT OF CREDIT TO THE SERVICE AREA

The credit disbursed by the commercial banks had not properly reached the rural people under the multi-agency approach that has been implemented at the district level. The newly introduced service area approach is a planned effort to channelise the flow of credit to the rural people. It is a decentralised form of area approach consisting of the allotment of cluster of villages to each of the commercial banks in making the credit. An analysis of the proportion of credit made to these cluster of villages before and after the introduction of service area approach would clearly indicate how far each of the banks have fulfilled the objective of service area approach. Table 5.1 presents in juxta position the proportion of credit made to the service area by each of the sample banks before and after the inception of service area approach.

From the table 5.1, it is evident that while Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have provided 40 to 60 lakhs each to their service areas out of their total bank credit before the service area approach, the other three banks have disbursed a very low amount of credit to their service area. Among the banks who have provided large amount of loan to their service area, except Indian Overseas Bank - Odathurai, the other two banks have increased their amount of credit after the introduction of service area approach. All the three banks who have extended a very low amount of credit reduced their amount of credit after the introduction of service area approach.
TABLE 5.1

THE AMOUNT OF CREDIT DISBURSED BY DIFFERENT BANKS TO THE SERVICE AREA AND THEIR PROPORTION IN THE TOTAL BANK CREDIT BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

(Figures in lakh Repees)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Amount of credit made to Service Area</th>
<th>Difference in percentage</th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td></td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinar</td>
<td>60.85</td>
<td>64.68</td>
<td>11.19</td>
</tr>
<tr>
<td></td>
<td>(76.41)</td>
<td>(87.60)</td>
<td></td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>25.41</td>
<td>14.07</td>
<td>0.95</td>
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<tr>
<td></td>
<td>(12.63)</td>
<td>(13.58)</td>
<td></td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>3.07</td>
<td>1.27</td>
<td>-4.72</td>
</tr>
<tr>
<td></td>
<td>(10.69)</td>
<td>(05.97)</td>
<td></td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>41.22</td>
<td>44.31</td>
<td>2.33</td>
</tr>
<tr>
<td></td>
<td>(74.47)</td>
<td>(76.80)</td>
<td></td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>1.37</td>
<td>0.82</td>
<td>-1.45</td>
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<tr>
<td></td>
<td>(18.61)</td>
<td>(17.16)</td>
<td></td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>64.50</td>
<td>36.56</td>
<td>4.87</td>
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<tr>
<td></td>
<td>(87.83)</td>
<td>(92.70)</td>
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</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks (W) 6

(Figures in paranthesis are the percentages of the service area credit to their total bank credit)
From the proportion of credit made to the service area, given in table 5.1, it is evident that the service area concentration of the banks in extending the credit is relatively at a higher level in the case of Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai not only under the service area approach but also before the service area approach. In the case of State Bank of India - Bhavani, South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi, it is relatively at a lower level both before and after the introduction of service area approach. While there is progress in the service area concentration of the banks in extending the credit under the service area approach, in the case of Canara Bank - Sakthinagar, State Bank of India - Bhavani and Indian Overseas Bank - Odathurai, there is a decline in this concentration in the case of South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi. The progress in the area concentration of credit under service area approach is more pronounced in the case of Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai than in the case of other two banks. Similarly, the decline in the area concentration of credit under service area approach is more pronounced in the case of Karur Vysya Bank - Kavindapadi than in the case of South Indian Bank - Bhavani.

However, the Wilcoxon signed rank test presented in the table 5.7 indicates that there is no significant difference between the proportions of credit made to the service area before and after the implementation of service area approach.
5.2 DISBURSEMENT OF PRODUCTIVE AND NON-PRODUCTIVE CREDIT TO THE SERVICE AREA

The primary objective of the service area approach is to develop productive lending and forge effective linkages between bank credit, production, productivity and increase in income levels. To assess how far the service area approach has attained its objective, the credit extended by the commercial banks is classified into productive and non-productive credit and the service area concentration in providing each of these two types of credit has been analysed. The table 5.2 presents the proportion of credit made to the service area under productive and non-productive credits.

The table 5.2 reveals that the concentration made to the service area in extending both the productive and non-productive credit is relatively at a very high level in the case of Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai not only after the introduction of service area approach but also before the implementation of the service area approach. In the case of these three banks, the attention made to the service area is relatively at a higher level under non-productive credit than under productive credit. However, while considering the impacts of service area approach, on service area concentration, the impact is at a higher level under the productive credit than under the non-productive credit. The other three banks paid a little attention to the service area in extending productive credit. Of these three banks, South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi have completely not provided the non-productive credit.
TABLE 5.2

PROPORTION OF CREDIT MADE TO SERVICE AREA IN THE PRODUCTIVE AND NON-PRODUCTIVE CREDITS BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Productive Credit</th>
<th>Non-Productive Credit</th>
<th></th>
<th></th>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
<td>Signed Rank</td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
<td>Signed Rank</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>76.32</td>
<td>87.51</td>
<td>11.19</td>
<td>5</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>14.08</td>
<td>22.60</td>
<td>8.52</td>
<td>3</td>
<td>9.28</td>
<td>4.01</td>
<td>-5.27</td>
<td>-3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>10.70</td>
<td>60.08</td>
<td>49.38</td>
<td>6</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>70.22</td>
<td>75.80</td>
<td>5.58</td>
<td>1</td>
<td>77.39</td>
<td>78.67</td>
<td>1.28</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>37.57</td>
<td>48.60</td>
<td>11.03</td>
<td>4</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>86.69</td>
<td>92.69</td>
<td>6.00</td>
<td>2</td>
<td>90.59</td>
<td>92.73</td>
<td>2.14</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks (W₁) is 3.

The analysis of Wilcoxon's signed rank test made in table 5.2 and whose result presented in table 5.7 indicates that there is significant difference in the service area concentration of the banks in extending the productive credit before and after the inception of service area approach. However, there is no significant difference under non-productive credit. This result demonstrates...
the achievement of providing more of productive credit which is one of the objectives of service area approach.

5.3 DISBURSEMENT OF IRDP AND NON-IRDP PRODUCTIVE CREDIT TO THE SERVICE AREA

Service area approach gives a new thrust to rural lending so as to generate income and employment to uplift the rural poor. It envisages harmonising and channelising the bank efforts in the task of rural development through disciplined credit and better co-ordination with the field level government developmental agencies operating in the service area. Hence under the service area approach, the banks are expected to make greater concentration in their service area in extending IRDP credit. Table 5.3 gives the proportion of lending made to the service area under IRDP and Non-IRDP productive credit before and after the implementation of the service area approach. It indicates that the service area concentration in extending the credit is relatively at a higher level under IRDP productive credit than under Non-IRDP productive credit both before and after the initiation of service area approach. State Bank of India - Bhavani has made a remarkable progress in its service area concentration under IRDP productive credit after the implementation of service area approach. Whereas in the case of Canara Bank - Sakthinagar and Karur Vysya Bank - Kavindapadi, the progress is surprisingly tremendous under Non-IRDP productive credit. Unexpectedly, in the case of South Indian Bank - Bhavani, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai,
### TABLE 5.3

**PROPORTION OF CREDIT MADE TO SERVICE AREA IN THE IRDP AND NON-IRDP PRODUCTIVE BANK CREDITS BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)**

<table>
<thead>
<tr>
<th>Bank</th>
<th>IRDP Productive Credit</th>
<th></th>
<th></th>
<th></th>
<th>Non-IRDP Productive Credit</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
<td>Signed Rank</td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
<td>Signed Rank</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>88.60</td>
<td>95.14</td>
<td>6.54</td>
<td>2</td>
<td>75.72</td>
<td>87.07</td>
<td>11.35</td>
<td>5</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>41.29</td>
<td>79.10</td>
<td>37.81</td>
<td>6</td>
<td>12.87</td>
<td>12.98</td>
<td>0.11</td>
<td>1</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>44.42</td>
<td>31.82</td>
<td>-12.60</td>
<td>-5</td>
<td>6.71</td>
<td>2.51</td>
<td>-4.20</td>
<td>-2</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>82.43</td>
<td>91.10</td>
<td>8.67</td>
<td>3</td>
<td>69.25</td>
<td>74.24</td>
<td>4.99</td>
<td>3</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>38.81</td>
<td>29.15</td>
<td>-9.66</td>
<td>-4</td>
<td>36.78</td>
<td>57.26</td>
<td>20.48</td>
<td>6</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>99.64</td>
<td>95.69</td>
<td>-3.95</td>
<td>-1</td>
<td>84.18</td>
<td>92.48</td>
<td>8.30</td>
<td>4</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W$) 10 2

there was a decline in the service area concentration in extending IRDP productive credit.

The Wilcoxon's signed rank test, the result of which presented in Table 5.7, indicates no significant difference in the service area concentration.
of both IRDP and Non-IRDP credits between the pre-service area approach period and service area approach period.

**5.4 DISBURSEMENT OF SECTORAL CREDIT TO THE SERVICE AREA**

As the service area approach aims at the priority sector banking with purposive credit and has an objective of providing credit facilities to the hitherto neglected sectors of the economy, the sectoral analysis of the service area concentration of the banks in extending productive credit would be a better guide for assessing the performance of the approach. The credit disbursed for productive activities include agriculture, allied activities, and small business. The credit extended to agriculture sector include crop loan, jewel crop loan, bullock loan, agri-equipment loan, minor-irrigation loan and the loans extended to land development and other such activities. Major activities allied to agriculture sector are dairy, poultry, goatery, sheep-rearing etc., The small-business sector includes manufacturing (Small-Scale Industries), service and trade sectors. The sector-wise proportion of credit made to the service area by different banks is presented in table 5.4.

From the table 5.4, it is evident that excepting the scheduled commercial banks, viz., South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi, all the public sector banks improved their service area concentration in extending agricultural credit under service area approach. Among the public sector banks; excepting in the case of State Bank of India - Bhavani, in the case of all other
### Table 5.4

**Proportion of Credit Made to the Service Area in the Credit Extended to Agriculture, Agri-Allied and Small Business Sectors Before and After the Introduction of Service Area Approach (SAA)**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Agricultural Credit</th>
<th>Agri-Allied Credit</th>
<th>Small-Business Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>75.55</td>
<td>86.91</td>
<td>11.36</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>47.64</td>
<td>54.33</td>
<td>6.69</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>72.96</td>
<td>10.39</td>
<td>-62.57</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>67.68</td>
<td>74.77</td>
<td>7.09</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>78.26</td>
<td>74.94</td>
<td>-3.32</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>83.82</td>
<td>92.39</td>
<td>8.57</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks (W_s) 7 3 6
banks, the service area concentration is more than 75 percent. In extending agri-allied credit, all the commercial banks have made greater concentration in the service area both before and after the introduction of service area approach. However, while Canara Bank - Sakthinagar, South Indian Bank - Bhavani, Canara Bank - Bhavani, and Karur Vysya Bank - Kavindapadi have improved their service area concentration under the service area approach, State Bank of India - Bhavani and Indian Overseas Bank - Odathurai have registered a marginal fall in their service area concentration. The Karur Vysya Bank - Kavindapadi made a spectacular progress in its service area concentration under the service area approach. In extending small business credit, excepting Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai, all other banks have made a scanty regard to the service area not only before the implementation of the service area approach but also after the inception of service area approach. While Indian Overseas Bank - Odathurai has made cent percent concentration in the service area in extending the small-business credit both before and after the introduction of service area approach, the Canara Bank - Sakthinagar has improved its service area concentration after the implementation of service area approach. But in the case of Canara Bank - Bhavani, there is a decline in the service area concentration after the introduction of service area approach. The results of the Wilcoxon's signed-rank test presented in table 5.7 reveals that there is no significant difference between the service area concentration of the banks in the two periods in
extending agricultural credit, allied sector credit and small business sector credit. This clearly demonstrates the insignificant impact of the service area approach upon the area concentration of the banks in extending different sectoral credits.

5.5 DISBURSEMENT OF PURPOSE-WISE AGRICULTURAL CREDIT TO THE SERVICE AREA

The study of the service area concentration of banks by purposewise credit is more important than the study by broad sectorwise credit. This is so because the general study may not reveal as to whether the improvement in service area concentration is in the need based purposive credit or in others. Hence, the analysis for agricultural credit has been carried out by their purpose and presented in table 5.5.

From the table 5.5, it could be observed that excepting crop loan, all other purposive agricultural loans are not provided by all the banks. In providing crop loan, State Bank of India - Bhavani, South Indian Bank - Bhavani, and Karur Vysya Bank - Kavindapadi have made cent percent concentration in their service area after the introduction of service area approach. Among the other three banks, while Canara Bank - Bhavani made a remarkable progress and Canara Bank - Sakthinagar made a significant progress in their service area concentration under the service area approach, the Indian Overseas Bank - Odathurai made a marginal decline in its service area concentration. However, its service area concentration is still found at a higher level. All the banks which are providing jewel crop loans made a significant improvement
### TABLE 5.5

PROPORTION OF CREDIT MADE TO THE SERVICE AREA IN THE SCHEME-WISE AGRICULTURAL CREDIT BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)  
(Figures in percentages)

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</tr>
</thead>
<tbody>
<tr>
<td>1. Coarse Bank</td>
<td>75.59</td>
<td>75.44</td>
<td>0.15</td>
<td>3</td>
<td>0.04</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
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<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
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<tr>
<td>2. United Bank of India</td>
<td>78.24</td>
<td>78.24</td>
<td>0.00</td>
<td>4</td>
<td>0.00</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td>-100.00</td>
<td>-100.00</td>
<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-100.00</td>
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<tr>
<td>3. South Indian Bank</td>
<td>75.59</td>
<td>75.59</td>
<td>0.00</td>
<td>4</td>
<td>0.00</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td>-100.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4. Coarse Bank</td>
<td>78.24</td>
<td>78.24</td>
<td>0.00</td>
<td>4</td>
<td>0.00</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td>-100.00</td>
<td>-100.00</td>
<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>100.00</td>
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<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>-100.00</td>
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<td></td>
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<tr>
<td>5. United Bank of India</td>
<td>75.59</td>
<td>75.59</td>
<td>0.00</td>
<td>4</td>
<td>0.00</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td>-100.00</td>
<td>-100.00</td>
<td>0.00</td>
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<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>-100.00</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. South Indian Bank</td>
<td>78.24</td>
<td>78.24</td>
<td>0.00</td>
<td>4</td>
<td>0.00</td>
<td>1</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-</td>
<td>-100.00</td>
<td>-100.00</td>
<td>0.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-100.00</td>
<td>-100.00</td>
<td>-100.00</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The number of fixed marks among the positive and negative marks (FP)  

1 0 3 1
in their service area concentration under the service area approach. Similarly, in providing bullock loan also, the banks have showed improvement in their service area concentration under the impact of service area approach.

The service area concentration in providing bullock-loan is observed to be cent percent in the case of Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai. In providing agricultural equipment loan, while Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai, showed cent percent service area concentration, South Indian Bank - Bhavani and Canara Bank - Bhavani showed insignificant concentration in their service area after the introduction of service area approach. State Bank of India - Bhavani made a significant improvement in its service area concentration while providing agricultural equipment loan. Of the two banks which have provided minor-irrigation loan after the introduction of service area approach, the State Bank of India - Bhavani made a spectacular progress in its service area concentration while Canara Bank - Sakthinagar made a drastic decline in its service area concentration. The analysis of Wilcoxon’s signed rank test, the result of which presented in table 5.7, reveals that there is no significant difference between the two periods in the service area concentration of the banks in providing crop loan, jewel crop loan, bullock loan, agricultural equipment loan and minor-irrigation loans. This clearly shows that even by purposewise credit, there is no impact of service area approach upon the service area concentration of the banks.
5.6 DISBURSEMENT OF SCHEME-WISE SMALL BUSINESS CREDIT TO THE SERVICE AREA

Apart from agriculture and allied sectors, the disbursement of credit to others is also encouraged to create assets and to uplift the living conditions of the people in the rural area. The credit disbursed to non-agricultural sector include the credit made to small business - manufacturing, service and trade sectors. The table 5.6 indicates the proportion of credit made to service area under the different non-agricultural sectors before and after the implementation of the service area approach.

From the table 5.6 it could be understood that while Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai have made cent percent concentration in their service area in making small business - manufacturing credit both before and after the introduction of service area approach, Canara Bank - Bhavani made insignificant concentration in its service area after the introduction of service area approach. The other three banks made poor concentration in their respective service areas both before and after the introduction of service area approach in making small business - manufacturing credit. While considering the credit made to small business service sector, Canara Bank- Sakthinagar and Canara Bank-Bhavani have made significant improvement in their service area concentration and Indian Overseas Bank - Odathurai maintained cent percent concentration under the service area approach, whereas the other three banks have made insignificant concentration in their service areas.
### TABLE 5.6

PROPORTION OF CREDIT MADE TO THE SERVICE AREA IN THE SCHEME-WISE SMALL BUSINESS CREDIT BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

(Figures in percentage)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Manufacturing</th>
<th>Service</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Differ</td>
</tr>
<tr>
<td>1. Canara Bank, Saktinagar</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>1.75</td>
<td>0.00</td>
<td>-1.75</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>0.40</td>
<td>0.97</td>
<td>0.57</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>77.69</td>
<td>41.44</td>
<td>-36.25</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odhrai</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_s$) 4.5 5.5 5
TABLE 5.7

DIFFERENCE IN THE PROPORTION OF BANK CREDIT MADE TO THE SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Type of Credit</th>
<th>Sum of Signed Ranks ($W_j$)</th>
<th>No. of Cases where $W_j \leq n$ (From Wilcoxon's Table)</th>
<th>Total Possible Cases ($2^n$)</th>
<th>Probability of $W_j \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Total Bank Credit</td>
<td>6</td>
<td>14</td>
<td>($2^6$)</td>
<td>0.22</td>
<td>Accept H₀</td>
</tr>
<tr>
<td>5.2</td>
<td>Productive Credit</td>
<td>0</td>
<td>1</td>
<td>($2^5$)</td>
<td>0.02</td>
<td>Reject H₀</td>
</tr>
<tr>
<td></td>
<td>Non-Productive Credit</td>
<td>3</td>
<td>5</td>
<td>($2^3$)</td>
<td>0.63</td>
<td>Accept H₀</td>
</tr>
<tr>
<td>5.3</td>
<td>IRDP Productive Credit</td>
<td>10</td>
<td>32</td>
<td>($2^5$)</td>
<td>0.50</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Non-IRDP Productive Credit</td>
<td>2</td>
<td>3</td>
<td>($2^2$)</td>
<td>0.05</td>
<td>Accept H₀</td>
</tr>
<tr>
<td>5.4</td>
<td>Agricultural Credit</td>
<td>7</td>
<td>18</td>
<td>($2^4$)</td>
<td>0.28</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Agri-Allied Credit</td>
<td>3</td>
<td>5</td>
<td>($2^4$)</td>
<td>0.08</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Small Business Credit</td>
<td>6</td>
<td>14</td>
<td>($2^3$)</td>
<td>0.44</td>
<td>Accept H₀</td>
</tr>
<tr>
<td>5.5</td>
<td>Crop Loan</td>
<td>1</td>
<td>2</td>
<td>($2^2$)</td>
<td>0.06</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Jewel Crop Loan</td>
<td>1</td>
<td>1</td>
<td>($2^1$)</td>
<td>0.06</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Bullock Loan</td>
<td>0</td>
<td>1</td>
<td>($2^0$)</td>
<td>0.06</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Agri-Equipment Loan</td>
<td>3</td>
<td>5</td>
<td>($2^1$)</td>
<td>0.31</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Minor-Irrigation Loan</td>
<td>1</td>
<td>2</td>
<td>($2^0$)</td>
<td>0.50</td>
<td>Accept H₀</td>
</tr>
<tr>
<td>5.6</td>
<td>Manufacturing Credit</td>
<td>4.5</td>
<td>8.5</td>
<td>($2^4$)</td>
<td>0.27</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Service Credit</td>
<td>5.5</td>
<td>12</td>
<td>($2^3$)</td>
<td>0.75</td>
<td>Accept H₀</td>
</tr>
<tr>
<td></td>
<td>Trade Credit</td>
<td>5</td>
<td>10</td>
<td>($2^2$)</td>
<td>0.31</td>
<td>Accept H₀</td>
</tr>
</tbody>
</table>
making small business - trade credit also, the service area concentration of Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai is reflective of their service area concentration under the service sector credit. While Karur Vysya Bank - Kavindapadi and State Bank of India - Bhavani have made significant progress in its service area concentration while giving trade sector credit, South Indian Bank - Bhavani has made a regress in its service area concentration under the service area approach.

However, the results of the Wilcoxon's test presented in table 5.7 reveals that there is no significant difference in the service area concentration of the banks between the two periods in extending all types of small business sector credits.

5.7 DISBURSEMENT OF CREDIT FOR PRODUCTIVE PURPOSE IN THE SERVICE AREA

As the service area approach aims at more of productive lending in the service area, the banks are expected to make a higher proportion of their credit for productive purpose under service area approach. Table 5.8 presents the percentage of productive credit in the total credit made by different banks both before and after the introduction of service area approach.

From the table 5.8, it could be observed that the proportion of credit made for productive purpose is at a very high level in the case of all the banks both before and after the introduction of service area approach. Barring a
TABLE 5.8

PROPORTION OF PRODUCTIVE CREDIT IN THE TOTAL CREDIT MADE BY DIFFERENT BANKS BOTH BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Before SAA</th>
<th>Under SAA</th>
<th>Difference</th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Canara Bank Sakthinagar</td>
<td>99.52</td>
<td>99.16</td>
<td>-0.36</td>
<td>-3</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>77.80</td>
<td>85.65</td>
<td>7.85</td>
<td>6</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>-1.5</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>69.01</td>
<td>64.30</td>
<td>-4.71</td>
<td>-4</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
<td>1.5</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>69.72</td>
<td>74.66</td>
<td>4.94</td>
<td>5</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_j$)

<table>
<thead>
<tr>
<th>Probability of $W_j \leq n$ (From Wilcoxon's Table)</th>
<th>Total possible cases ($2^n$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of cases where $W_j \leq n$</td>
<td>27</td>
</tr>
<tr>
<td>Total possible cases ($2^n$)</td>
<td>64</td>
</tr>
</tbody>
</table>

Result: Accept $H_0$

slight fall indicated in the case of Canara Bank - Sakthinagar and Canara Bank - Bhavani, the proportion of productive credit showed an increase in the case
of all other banks under service area approach. However the results of the Wilcoxon's signed rank test presented in the last two rows of table 5.8 indicates no significant difference between the two periods in their proportion of productive credit. This amply illustrates the ineffectiveness of service area approach upon the banks in making more of productive credit.

5.8 DISBURSEMENT OF CREDIT TO THE TARGET GROUP IN THE SERVICE AREA

In channelising the flow of credit to the priority sector, the banks give due consideration to a certain categories of beneficiaries known as target group. The target beneficiaries include weaker sections of the population which comprises socially and economically disadvantaged people such as small farmers, marginal farmers, landless agricultural labourers, tenant farmers, share croppers and beneficiaries of poverty alleviation programmes, the religious and communal minority beneficiaries, professional and self-employed persons, educated unemployed youth covered under SEEUY scheme, women beneficiaries and SC/ST beneficiaries. By providing credit to the target group, banks aim at channelising the credit to the grassroot of the population so as to uplift the deprived sections of the population. As the service area approach aims at effective implementation of the credit plans at the village level, the banks are expected to make a higher proportion of their credit to these down-trodden sections under the service area approach. The table 5.9 gives the proportion of service area credit made to the target group before and after the implementation of service area approach under productive and non-productive credits.
### TABLE 5.9

PROPORTION OF CREDIT MADE TO THE TARGET GROUP IN THE PRODUCTIVE AND NON-PRODUCTIVE CREDIT OF THE SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Bank</th>
<th>Productive Credit</th>
<th>Non-Productive Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
</tr>
<tr>
<td>1.</td>
<td>Canara Bank, Sakthinagar</td>
<td>63.89</td>
<td>67.42</td>
</tr>
<tr>
<td>2.</td>
<td>State Bank of India, Bhavani</td>
<td>11.63</td>
<td>17.46</td>
</tr>
<tr>
<td>3.</td>
<td>South Indian Bank, Bhavani</td>
<td>10.70</td>
<td>6.08</td>
</tr>
<tr>
<td>4.</td>
<td>Canara Bank, Bhavani</td>
<td>54.22</td>
<td>52.24</td>
</tr>
<tr>
<td>5.</td>
<td>Karur Vysya Bank, Kavindapadi</td>
<td>37.57</td>
<td>48.60</td>
</tr>
<tr>
<td>6.</td>
<td>Indian Overseas Bank, Odathurai</td>
<td>81.59</td>
<td>82.84</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_1$) is 6.95.

From the table 5.9, it is very evident that Canara Bank - Sakthinagar, Canara Bank - Bhavani and Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai have made significant proportion of their service area productive credit to the target group not only after the implementation of the service area approach, but also before the inception of the service area approach. While
Canara Bank - Sakthinagar, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai have shown greater attention to the target group under the service area approach, Canara Bank - Bhavani reduced its attention to the target group marginally. The other two banks viz., State Bank of India - Bhavani and South Indian Bank - Bhavani made poor attention to the target group in extending productive credit. While State Bank of India - Bhavani improved its attention to the target group, the South Indian Bank - Bhavani made a reduced attention to the target group under the service area approach.

In extending non-productive credit, Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have made a significant attention to the target group. While Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have improved their attention to the target group under service area approach, Canara Bank - Sakthinagar showed a significant decline in its attention to the target group in extending non-productive credit. The other three banks have made a little attention to the target group in extending non-productive credit.

The Wilcoxon's signed rank test, the results of which is presented in table 5.13, indicates that there is no significant difference in the attention made to the target group by the banks between the two periods in extending both productive and non-productive credits.
5.9 DISBURSEMENT OF SECTORAL CREDIT TO THE TARGET GROUP IN THE SERVICE AREA

An analysis of the proportion of lending made to the target group by each of the sectoral credit would likely indicate the relative attention given to the target group in extending the credit by the banks. The table 5.10 presents the proportion of lending made to the target group under agricultural sector, allied and small business sectors both before and after the introduction of service area approach.

From the table 5.10, it could be understood that in extending the agricultural credit, Canara Bank - Sakthinagar, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai have shown greater attention to the target group not only before the introduction of service area approach, but also after the implementation of the service area approach. While Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai have improved their attention to the target group under the service area approach, the Karur Vysya Bank - Kavindapadi showed a marginal decline in its attention to the target group. South Indian Bank Bhavani though showed a greater attention to the target group before the service area approach, showed insignificant attention under the service area approach. While Canara Bank - Bhavani showed a marginal improvement in its low level attention to the target group, State Bank of India - Bhavani registered reduced attention to the target group under the service area approach.

In making agri-allied credit, all the banks have paid greater attention
TABLE 5.10
PROPORTION OF CREDIT MADE TO THE TARGET GROUP IN THE AGRICULTURE, ALLIED AND SMALL BUSINESS SECTOR OF THE SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- WILCOXON'S SIGNED RANK TEST
(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Agricultural Credit</th>
<th>Agri-Allied Credit</th>
<th>Small Business Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Differ</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>63.06</td>
<td>66.27</td>
<td>3.21</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>38.03</td>
<td>31.96</td>
<td>-6.07</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>72.96</td>
<td>10.39</td>
<td>-62.57</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>42.74</td>
<td>46.72</td>
<td>3.98</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>78.26</td>
<td>74.94</td>
<td>-3.32</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>77.59</td>
<td>82.67</td>
<td>5.08</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_0$)

<table>
<thead>
<tr>
<th></th>
<th>Agricultural Credit</th>
<th>Agri-Allied Credit</th>
<th>Small Business Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>
to the target group both before and after the inception of service area approach. While Canara Bank - Sakthinagar and Karur Vysya Bank - Kavindapadi enlarged their attention remarkably, Indian Overseas Bank - Odathurai has reduced its attention significantly to the target group under the service area approach. While South Indian Bank - Bhavani and Canara Bank - Bhavani have marginally improved their attention to the target group under the service area approach, the attention of State Bank of India - Bhavani has declined marginally.

In disbursing small business credit, Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have given significant attention to the target group. Other three banks have shown poor attention before the service area approach. While Canara Bank - Sakthinagar and Canara Bank - Bhavani reduced its attention marginally to the target group, Indian Overseas Bank - Odathurai has maintained cent percent attention to the target group under the service area approach. The other three banks have paid poor attention to the target group both before and after the inception of service area approach.

The results of Wilcoxon's test presented in table 5.13 reveals that there is no statistically significant difference in the attention made to the target group by the banks between the two periods in extending agriculture, allied and small business sector credits.
5.10 DISBURSEMENT OF SCHEME-WISE AGRICULTURAL CREDIT TO THE TARGET GROUP IN THE SERVICE AREA

The study of the proportion of credit made to the target group by each of the purpose of agricultural credit would likely indicate in which purposive agricultural credit greater attention is given to the target group. The table 5.11 presents the percentages of credit made to the target group from each type of agricultural credit.

In disbursing crop loan to the target group, all the banks except Canara Bank - Bhavani have shown greater attention to the target group both before and after the inception of service area approach. While Canara Bank - Sakthinagar showed a marginal improvement in its attention to the target group, State Bank of India - Bhavani, South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi showed a significant and cent percent attention to the target group, Indian Overseas Bank - Odathurai has reduced its attention to the target group under the service area approach. Canara Bank - Bhavani, though showed poor attention to the target group before the inception of service area approach, has improved its attention significantly under the service area approach.

In making jewel crop loan, Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have paid a major attention to the target group both before and after the introduction of service area approach. While Indian Overseas Bank - Odathurai has shown significant improvement in its attention to the target group, Canara Bank - Sakthinagar
# TABLE 5.11

PROPORTION OF CREDIT MADE TO THE TARGET GROUP UNDER SCHEME-WISE AGRICULTURAL CREDIT OF THE SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) *(Figures in percentages)*

<table>
<thead>
<tr>
<th>Bank</th>
<th>Marginal Loan</th>
<th>Non-Crop Loan</th>
<th>Total Loan</th>
<th>Agricultural Equipment Loan</th>
<th>Miscellaneous Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
<td>Before SAA</td>
<td>Under SAA</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>---------------</td>
<td>---------------</td>
<td>------------</td>
<td>-----------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>1. Central Bank of India, Mysore</td>
<td>43.33</td>
<td>71.27</td>
<td>29.94</td>
<td>87.44</td>
<td>12.56</td>
</tr>
<tr>
<td>2. State Bank of India, Mysore</td>
<td>40.27</td>
<td>69.73</td>
<td>29.46</td>
<td>83.29</td>
<td>16.71</td>
</tr>
<tr>
<td>3. South Indian Bank, Mysore</td>
<td>78.39</td>
<td>88.00</td>
<td>9.61</td>
<td>88.00</td>
<td>12.00</td>
</tr>
<tr>
<td>4. Canara Bank, Mysore</td>
<td>8.90</td>
<td>32.87</td>
<td>24.97</td>
<td>32.87</td>
<td>6.13</td>
</tr>
<tr>
<td>5. Karnataka Bank, Mysore</td>
<td>308.00</td>
<td>308.00</td>
<td>0.00</td>
<td>308.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Mysore</td>
<td>83.41</td>
<td>82.32</td>
<td>-1.09</td>
<td>82.32</td>
<td>-1.09</td>
</tr>
</tbody>
</table>

*Data shows a marked difference among the partners and non-partners under (SF)*
and Canara Bank - Bhavani showed a marginal improvement under the service area approach. State Bank of India - Bhavani though showed a poor attention to the target group before the inception of service area approach, has improved its attention to a marked extent under the service area approach. South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi have not made jewel crop loan and even if they have made crop loan, they paid nil attention to the target group.

In disbursing the bullock loan, almost all the banks have disclosed pronounced attention to the target group both before and after the introduction of service area approach. Canara Bank - Sakthinagar, Canara Bank - Bhavani and Indian Overseas Bank - Odathurai have registered cent percent attention to the target group under the service area approach. While Canara Bank - Sakthinagar, South Indian Bank - Bhavani and Canara Bank - Bhavani have made a considerable enhancement of credit to the target group, State Bank of India - Bhavani has registered a slight improvement in the proportion of credit to the target group under the service area approach. Indian Overseas Bank - Odathurai has maintained cent percent concentration to the target group under the service area approach also. Though Karur Vysya Bank - Kavindapadi has made cent percent concentration to the target group in making bullock-loan before the service area approach, has made no bullock loan under the service area approach.
In the disposal of agricultural equipment loan, except Canara Bank - Sakthinagar, all other banks have showed their inattention to the target group under the service area approach. Karur Vysya Bank - Kavindapadi has not made any agricultural equipment loan to the service area both before and after the inception of service area approach. State Bank of India - Bhavani, South Indian Bank - Bhavani and Indian Overseas Bank - Odathurai though showed significant attention to the target group before the service area approach, showed little attention under the service area approach.

In extending minor-irrigation loan, Canara Bank - Sakthinagar has made a remarkable attention to the target group before the initiation of service area approach. However, it declined sharply under the service area approach. Though the attention paid by the Indian Overseas Bank - Odathurai and Karur Vysya Bank - Kavindapadi to the target group is appreciable before the service area approach, they have made no minor-irrigation loan under the service area approach. State Bank of India - Bhavani, though paid no attention to the target group before the service area approach, improved its attention under the service area approach. All other banks have made little attention to the target group under service area approach.

The results of the Wilcoxon's signed rank test given in table 5.13 discloses that there is no significant difference between the two periods in disposing crop loan, jewel crop loan, bullock loan, agricultural equipment loan and minor-irrigation loans by various banks.
5.11 DISBURSEMENT OF SCHEME-WISE SMALL BUSINESS CREDIT TO THE TARGET GROUP IN THE SERVICE AREA

Like the analysis by purposewise agricultural credit, the analysis of the proportion of purposewise small business credit made to the target group would expose the relative attention given to the target group in extending different types of small business credit. The table 5.12 exhibits the proportion of credit made to the target group under different types of small business credit.

In disbursing small business - manufacturing credit to the target group, Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai have shown cent percent concentration to the target group both before and after the inception of service area approach. Canara Bank - Bhavani though made significant attention to the target group before the service area approach, reduced its attention to a greater extent under the service area approach. State Bank of India - Bhavani, South Indian Bank - Bhavani and Karur Vysya Bank - Kavindapadi have shown negligible concentration to the target group both before and after the introduction of service area approach.

In the small business-service sector credit made in the service area, Indian Overseas Bank - Odathurai has contributed cent percent attention to the target group both before and after the introduction of service area approach. Canara Bank - Bhavani has shown significant attention to the target group before the inception of service area approach. It has improved its concentration to an impressive level under the service area approach. The attention made-
### Table 5.12

**Proportion of Credit Made to the Target Group Under the Scheme-Wise Small Business Credit of the Service Area Before and After the Introduction of Service Area Approach (SAA)**

(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Manufacturing</th>
<th>Service</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>1.75</td>
<td>0.00</td>
<td>-1.75</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>0.40</td>
<td>0.97</td>
<td>0.57</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>60.74</td>
<td>30.61</td>
<td>-30.13</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>100.00</td>
<td>100.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_s$)

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Service</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5</td>
<td></td>
<td>6.5</td>
</tr>
</tbody>
</table>
by the Canara Bank - Sakthinagar to the target group in extending small business
- service sector credit though remained at a modest level before the
implementation of the service area approach, improved slightly under the service
area approach. All other banks paid almost nil attention to the target group
both before and after the implementation of the service area approach.

In extending small business - trade credit, Indian Overseas Bank - Odathurai
made cent percent concentration to the target group both before and after the
introduction of service area approach. Canara Bank - Sakthinagar, Canara Bank
- Bhavani have also shown significant attention to the target group. While,
Canara Bank - Bhavani improved its attention to the target group, Canara Bank
- Sakthinagar reduced its concentration sharply under the service area
approach. South Indian Bank - Bhavani though indicated significant attention
to the target group before the service area approach, showed low attention
under the service area approach. The attention made by the other two banks
to the target groups in extending small business - trade credit is not impressive
under the service area approach.

The results of the Wilcoxon's signed rank test presented in table 5.13
indicates that there is no significant difference in the attention made by the
banks to the target group between the two periods in extending all the three
types of small business credits.
### TABLE 5.13

**DIFFERENCE IN THE PROPORTION OF SERVICE AREA CREDIT MADE TO THE TARGET GROUP BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)**

- RESULTS OF WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Type of Credit</th>
<th>Sum of Signed Ranks ($W_1$)</th>
<th>No. of Cases where $W_i \leq n$</th>
<th>Total Possible Cases ($2^r$)</th>
<th>Probability of $W_i \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.9</td>
<td>Productive Credit</td>
<td>6</td>
<td>14 (2⁶)</td>
<td></td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Non-Productive Credit</td>
<td>9.5</td>
<td>29.5 (2⁶)</td>
<td></td>
<td>0.46</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.10</td>
<td>Agricultural Credit</td>
<td>8</td>
<td>22 (2⁶)</td>
<td></td>
<td>0.34</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Agri-Allied Credit</td>
<td>6</td>
<td>14 (2⁶)</td>
<td></td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Small Business Credit</td>
<td>5</td>
<td>10 (2⁶)</td>
<td></td>
<td>0.31</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.11 Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crop Loan</td>
<td>1</td>
<td>2 (2³)</td>
<td></td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Jewel Crop Loan</td>
<td>0</td>
<td>1 (2³)</td>
<td></td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Bullock Loan</td>
<td>5</td>
<td>10 (2³)</td>
<td></td>
<td>0.31</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Agri-Equipment Loan</td>
<td>4</td>
<td>7 (2³)</td>
<td></td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Minor-Irrigation Loan</td>
<td>2</td>
<td>3 (2³)</td>
<td></td>
<td>0.19</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.12 Small Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manufacturing Credit</td>
<td>4.5</td>
<td>8.5 (2³)</td>
<td></td>
<td>0.14</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Service Credit</td>
<td>6.5</td>
<td>16 (2⁶)</td>
<td></td>
<td>0.25</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Trade Credit</td>
<td>6</td>
<td>14 (2⁶)</td>
<td></td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>
5.12 DISBURSEMENT OF CREDIT TO THE PRIORITY SECTOR IN THE SERVICE AREA

Service area approach aims at priority sector banking and as such entails concentrated efforts of the banks on priority sector credit in the service area. The different segments of the priority sector are agriculture, small scale industry, small-road and water transport operators, retail trade, small business, professional and self-employed persons, state sponsored bodies of SC/ST, education, housing, consumption loans, bio-gas plants and market yards. The Reserve Bank of India has specified that at least 40 percent of the commercial bank's credit should be advanced to priority sector. Table 5.14 presents the proportion of lending made to priority sector by different banks in their respective service area both before and after the introduction of service area approach.

From the table 5.14, it could be observed that excepting Karur Vysya Bank-Kavindapadi, all other banks have made more than 40 percent of their credit to priority sectors under service area approach. But the proportion of priority sector credit has declined under service area approach in the case of all the banks excepting Indian Overseas Bank - Odathurai. This indicates the negative effect of service area approach upon the priority sector credit. However, the results of the Wilcoxon's signed rank test presented in the last two rows of the table 5.14 indicates no significant difference between the proportions of priority sector credit before and after the introduction of service area approach.

TABLE 5.14

PROPORTION OF LENDING MADE TO PRIORITY SECTOR IN THE SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Before SAA</th>
<th>Under SAA</th>
<th>Difference</th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>99.64</td>
<td>99.26</td>
<td>- 0.38</td>
<td>- 1</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>69.78</td>
<td>51.47</td>
<td>- 18.31</td>
<td>- 6</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>99.90</td>
<td>98.18</td>
<td>- 1.72</td>
<td>- 2</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>70.18</td>
<td>65.15</td>
<td>- 5.03</td>
<td>- 4</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>49.52</td>
<td>35.30</td>
<td>-14.22</td>
<td>- 5</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>70.64</td>
<td>74.67</td>
<td>4.03</td>
<td>- 3</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_1$)

No. of cases where $W_1 \leq n$ (From Wilcoxon's Table) = 5

\[
\text{Probability of } W_1 \leq n = \frac{5}{64} = 0.08
\]

Total possible cases ($2^6$) = 64

Result : Accept $H_0$

area approach. This makes clear the failure of service area approach in its objective of priority sector banking.
5.13 SECTORAL DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE SERVICE AREA

Service area approach has an objective of providing credit facilities to the hitherto neglected sectors in the service area. Hence the bankwise analysis of the sectoral distribution of priority sector credit before and after the introduction of service area approach would act as a guide to evaluate the performance of the scheme. To study the sectoral distribution of actual credit and to make comparison at a latter stage with the sectoral distribution of targeted credit, all the activities financed by the banks are classified as agri-equipment, agri-crop, minor-irrigation, agri-allied, small business - manufacturing, small business - service and trade. The table 5.15 presents the percentage share of these different sectors in the priority sector credit made by each of the different commercial banks in their service areas both before and after the initiation of service area approach.

From the table 5.15, it is evident that the agri-crop loan constitute the major share in the credit extended by Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai both before and after the introduction of service area approach. However, this proportion has improved under the service area approach. While Canara Bank - Bhavani and Karur Vysya Bank - Kavindapadi increased its proportion of loan to agri-crop and improved its attention under the service area approach to a remarkable extent, State Bank of India - Bhavani slashed its attention to a sizable degree eventhough it gave great importance
<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK SAKTHINAGAR</th>
<th>STATE BANK OF INDIA BHAVANI</th>
<th>SOUTH INDIAN BANK BHAVANI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>4.67</td>
<td>3.32</td>
<td>-1.35</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>82.40</td>
<td>85.86</td>
<td>3.46</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>3.47</td>
<td>2.12</td>
<td>-1.35</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>8.16</td>
<td>5.98</td>
<td>-2.18</td>
</tr>
<tr>
<td>Small Business Manufacturing</td>
<td>0.08</td>
<td>0.10</td>
<td>0.02</td>
</tr>
<tr>
<td>Small Business Service &amp; Trade</td>
<td>1.22</td>
<td>2.62</td>
<td>1.40</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_0$) | 10 | 8 | 7 |

(Contd.)
### TABLE 5.15 (CONTINUED.)

The percentage share of different sectors in the priority sector credit achievement made by different banks in their present service area before and after the introduction of service area approach (SAA).

**Wilcoxon’s Signed Rank Test**

<table>
<thead>
<tr>
<th>Sector</th>
<th><strong>Canara Bank Bhavani</strong></th>
<th><strong>Karur Vysya Bank Kavindapadi</strong></th>
<th><strong>Indian Overseas Bank Odathurai</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>20.91</td>
<td>5.40</td>
<td>-15.51</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>38.09</td>
<td>69.01</td>
<td>30.92</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Small Business Manufacturing</td>
<td>3.22</td>
<td>4.03</td>
<td>0.81</td>
</tr>
<tr>
<td>Small Business Service &amp; Trade</td>
<td>18.27</td>
<td>15.87</td>
<td>-2.40</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_t$)

- **Canara Bank Bhavani**: 6
- **Karur Vysya Bank Kavindapadi**: 1
- **Indian Overseas Bank Odathurai**: 10

(CONCLD.)
to agri-crop loan before the service area approach. The South Indian Bank - Bhavani gave least attention to the agri-crop loan under the service area approach. While a majority of other banks gave great importance to this loan, South Indian Bank - Bhavani gave importance to agri-allied credit and small-business - service and trade credits. The importance shown to these sectors by this bank has improved under the service area approach. Eventhough, there is variations in the pattern of credit across the banks, there is no much variation in the pattern of credit of each of the banks between the two periods.

The Wilcoxon's signed rank test made in the table 5.15 and the results of which presented in table 5.16 also confirms that there is no variation in the pattern of credit between pre-service area approach period and post-service area approach period. This clearly indicates nil impact of service area approach on the pattern of credit of the banks.

5.14 SECTORAL DISTRIBUTION OF IRDP PRIORITY SECTOR CREDIT

Integrated Rural Development Programme (IRDP) envisaged that two-thirds of the beneficiaries to be assisted under the programme should be from primary sector and the rest coming from secondary and tertiary sectors. Hence, a different sectoral pattern may be expected under IRDP credit as compared to Non-IRDP credit. Therefore, to analyse the impact of service area approach upon the sectoral pattern of IRDP credit, the proportions of lending made to different sectors under service area approach and pre-service area approach periods have been calculated and presented in table 5.17.
TABLE 5.16

DIFFERENCE IN THE PERCENTAGE SHARE OF DIFFERENT SECTORS IN THE CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THE PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - RESULTS OF WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Bank</th>
<th>Sum of Signed Ranks ($W_j$)</th>
<th>No. of Cases where $W_j \leq n$ (From Wilcoxon’s Table)</th>
<th>Total Possible Cases ($2^n$)</th>
<th>Probability of $W_j \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.15</td>
<td>Canara Bank - Saktiinagar</td>
<td>10</td>
<td>32</td>
<td>($2^5$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>State Bank of India - Bhavani</td>
<td>8</td>
<td>22</td>
<td>($2^5$)</td>
<td>0.34</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>South Indian Bank - Bhavani</td>
<td>7</td>
<td>16</td>
<td>($2^5$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Canara Bank - Bhavani</td>
<td>6</td>
<td>18</td>
<td>($2^5$)</td>
<td>0.56</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Karur Vysya Bank - Kavindapadi</td>
<td>1</td>
<td>2</td>
<td>($2^5$)</td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Indian Overseas Bank - Odathurai</td>
<td>10</td>
<td>32</td>
<td>($2^5$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>

From the table 5.17, it could be understood that excepting South Indian Bank - Bhavani, all other banks have extended a major share of their IRDP credit to agri-allied sector not only before the introduction of service area...
### TABLE 5.17

THE PERCENTAGE SHARE OF DIFFERENT SECTORS IN THE IRDP PRIORITY SECTOR CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THEIR PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK SAKTHINAGAR</th>
<th>J STATE BANK OF INDIA BHAVANI</th>
<th>SOUTH INDIAN BANK BHAVANI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>0.00</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>83.51</td>
<td>81.69</td>
<td>-1.82</td>
</tr>
<tr>
<td>Small Business Manufacturing</td>
<td>0.00</td>
<td>0.73</td>
<td>0.73</td>
</tr>
<tr>
<td>Small Business Service &amp; Trade</td>
<td>16.49</td>
<td>17.58</td>
<td>1.09</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks ($W_1$) 6.5 10.5 10.5

(CONTD.)
TABLE 5.17 (CONTN.)

THE PERCENTAGE SHARE OF DIFFERENT SECTORS IN THE IRDP PRIORITY SECTOR CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THEIR PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH. (SAA)

- WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK BHAVANI</th>
<th>KARUR VYSSA BANK KAVINDAPADI</th>
<th>INDIAN OVERSEAS BANK ODATHURAI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>12.08</td>
<td>0.00</td>
<td>-12.08</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>47.46</td>
<td>45.05</td>
<td>-2.41</td>
</tr>
<tr>
<td>Small Business Manufacturing</td>
<td>7.42</td>
<td>16.06</td>
<td>8.64</td>
</tr>
<tr>
<td>Small Business Service &amp; Trade</td>
<td>33.04</td>
<td>38.38</td>
<td>5.34</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks ($W_0$) = 10.5

(CONCLD.)
approach, but also after the implementation of the service area approach. While State Bank of India - Bhavani, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai have made an increased proportion of IRDP credit to agri-allied sector, Canara Bank - Sakthinagar, Canara Bank - Bhavani have made reduced proportion of IRDP credit to agri-allied sector under the service area approach. Whereas the South Indian Bank - Bhavani showed its greater attention to small business - service and trade sector while making IRDP credit. It has made an improved proportion of IRDP credit to this sector under service area approach. A striking change in the pattern of IRDP credit between the pre-service area approach period and post-service area approach period has been observed in the case of State Bank of India - Bhavani, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai. While giving significant attention to agri-equipment credit under IRDP credit before service area approach, these banks have shifted their attention to small business - service and trade credit after the implementation of the service area approach.

However, the results of Wilcoxon’s signed rank test, presented in table 5.18, reveals that there is no significant difference in the pattern of IRDP credit made by each of the banks between the two periods and thus demonstrating little impact of service area approach upon the sectoral pattern of IRDP credit.
TABLE 5.18

DIFFERENCE IN THE PERCENTAGE IRDP SHARE OF DIFFERENT SECTORS IN THE CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THE PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- RESULTS OF WILCOXON'S SIGNED RANK TEST.

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Bank</th>
<th>Sum of Signed Ranks ($W_j$)</th>
<th>No. of Cases where $W_j \leq n$ (From Reference Table)</th>
<th>Total Possible Cases ($2^n$)</th>
<th>Probability of $W_j \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.17</td>
<td>Canara Bank - Sakthinagar</td>
<td>6.5</td>
<td>12</td>
<td>(2^5)</td>
<td>0.38</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>State Bank of India - Bhavani</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^9)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>South Indian Bank - Bhavani</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^9)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Canara Bank - Bhavani</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^9)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Karur Vysya Bank - Kavindapadi</td>
<td>6.5</td>
<td>12</td>
<td>(2^5)</td>
<td>0.38</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Indian Overseas Bank - Odathurai</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^9)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>
5.15 SECTORAL DISTRIBUTION OF NON-IRDP PRIORITY SECTOR CREDIT

Unlike the IRDP credit, the Non-IRDP credit is not directly tied with government programmes and hence a different sectoral distribution pattern may be expected in the case of Non-IRDP credit. Hence an analysis of the impact of service area approach upon the sectoral pattern of Non-IRDP credit has been made separately and presented in table 5.19.

From the table 5.19, it is evident that excepting South Indian Bank-Bhavani, all other banks have given greater importance to agriculture credit, especially to agri-crop loan in extending Non-IRDP credit both before and after the introduction of service area approach. South Indian Bank-Bhavani, while giving major importance to agriculture credit before service area approach, has shown more importance to agri-allied sector after the implementation of the service area approach. Karur Vysya Bank-Kavindapadi, while giving significant importance to agri-allied sector credit before the introduction of service area approach, has shifted its attention to the agri-crop loan under service area approach. Canara Bank - Bhavani is the only bank which has made a significant proportion of Non-IRDP credit to small business sector. Canara Bank - Sakthinagar, Canara Bank - Bhavani, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai have made a greater proportion of their Non-IRDP credit to agri-crop and also improved their attention to this credit under service area approach. State Bank of India - Bhavani, while showing its major attention to agri-crop loan before the service area approach, has diversified its attention to agri-equipment and minor-irrigation as well under the service area approach.
### TABLE 5.19

THE PERCENTAGE SHARE OF DIFFERENT SECTORS IN THE NON-IRDP PRIORITY SECTOR CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THEIR PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- **WILCOXON'S SIGNED RANK TEST**

<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK SAKTHINAGAR</th>
<th>STATE BANK OF INDIA BHAVANI</th>
<th>SOUTH INDIAN BANK BHAVANI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Signed Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>4.94</td>
<td>3.54</td>
<td>-1.40</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>87.13</td>
<td>91.33</td>
<td>4.20</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>3.66</td>
<td>2.25</td>
<td>-1.41</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>3.83</td>
<td>1.16</td>
<td>-2.67</td>
</tr>
<tr>
<td>Small Business- Manufacturing</td>
<td>0.08</td>
<td>0.06</td>
<td>-0.02</td>
</tr>
<tr>
<td>Small Business- Service &amp; Trade</td>
<td>0.35</td>
<td>1.67</td>
<td>1.32</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks ($W_1$) 8 10.5 6.5

(Contd.)
TABLE 5.19 (CONTIN.)

THE PERCENTAGE SHARE OF DIFFERENT SECTORS IN THE NON-IRDP PRIORITY SECTOR CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THEIR PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK BHAVANI</th>
<th>KARUR VYSYA BANK KAVINDAPADI</th>
<th>INDIAN OVERSEAS BANK ODATHURAI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>Agri-Equipment (inclusive of Agri-Bullock)</td>
<td>25.45</td>
<td>6.07</td>
<td>-19.38</td>
</tr>
<tr>
<td>Agri-Crop (inclusive of Agri-Crop Agri Jewel Loan)</td>
<td>57.66</td>
<td>77.60</td>
<td>19.92</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>5.13</td>
<td>0.79</td>
<td>-4.34</td>
</tr>
<tr>
<td>Small Business- Manufacturing</td>
<td>1.06</td>
<td>2.53</td>
<td>1.47</td>
</tr>
<tr>
<td>Small Business- Service &amp; Trade</td>
<td>10.68</td>
<td>13.01</td>
<td>2.33</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks ($W_t$) 7 5 10.5

(CONCLD.)
Seemingly, though, there is variation in the sectoral pattern of Non-IRDP credit between the two periods of the study, the results of the Wilcoxon’s signed rank test, presented in table 5.20, indicates no significant difference in the sectoral pattern of Non-IRDP credit between the two periods in the case of all the banks under study.

**TABLE 5.20**

**DIFFERENCE IN THE PERCENTAGE NON-IRDP SHARE OF DIFFERENT SECTORS IN THE PRIORITY SECTOR CREDIT ACHIEVEMENT MADE BY DIFFERENT BANKS IN THE PRESENT SERVICE AREA BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - RESULTS OF WILCOXON’S SIGNED RANK TEST.**

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Bank (From Reference Table)</th>
<th>Sum of Signed Ranks ($W_i$)</th>
<th>No. of Cases where $W_i \leq n$ (From Wilcoxon's Table)</th>
<th>Total Possible Cases ($2^n$)</th>
<th>Probability of $W_i \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.19</td>
<td>Canara Bank - Sakthinagar</td>
<td>8</td>
<td>22</td>
<td>(2^5)</td>
<td>0.34</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>State Bank of India-Bhavani</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^4)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>South Indian Bank-Bhavani</td>
<td>6.5</td>
<td>12</td>
<td>(2^3)</td>
<td>0.38</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Canara Bank-Bhavani</td>
<td>7</td>
<td>18</td>
<td>(2^3)</td>
<td>0.56</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Karur Vysya Bank-Kavindapadi</td>
<td>5</td>
<td>10</td>
<td>(2^3)</td>
<td>0.31</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Indian Overseas Bank-Odathurai</td>
<td>10.5</td>
<td>34.5</td>
<td>(2^4)</td>
<td>0.54</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>
5.16 INTER-BANK DIFFERENCE IN THE SECTORAL DISTRIBUTION OF PRIORITY SECTOR CREDIT

Even if there is a different sectoral pattern of priority sector credit between the banks before the service area approach, uniform sectoral pattern in the distribution of credit between the banks may be expected under the service area approach on account of its objective of balanced credit. Taking this into consideration, an analysis of the inter-bank difference in the sectoral distribution of priority sector credit both before and after the introduction of service area approach has been made by using Kruskal - Wallis test and the result of which are respectively presented in tables 5.21 and 5.22.

From the results of the Kruskal - Wallis test presented in the last row of the table 5.21, it is confirmed that there is no significant difference between the banks in their sectoral distribution of priority sector credit before the introduction of service area approach. Similar results has also been observed between the banks after the introduction of service area approach (Table 5.22). This clearly indicates that service area approach has maintained the balanced and common sectoral pattern of credit that existed between different banks before the service area approach.

5.17 INTER-SECTORAL DIFFERENCE IN THE DISTRIBUTION OF PRIORITY SECTOR CREDIT

Service area approach aims at balanced credit to different sectors of the economy. Hence, no difference between the sectors in the distribution
TABLE 5.21

INTER-BANK DIFFERENCE IN THE SECTORAL DISTRIBUTION OF PRIORITY SECTOR CREDIT BEFORE SERVICE AREA APPROACH (S.A.A.) - KRUSKAL WALLIS TEST

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>CANARA BANK KANCHipurAM</th>
<th>STATE BANK OF INDIA BikanER</th>
<th>SOUTH DIBAN DISBURSAL</th>
<th>CANARA BANK KANCHipurAM</th>
<th>KARUR VYATHA BANK RAmdaspur</th>
<th>DURAN OVERSEAS BANK OChIDOBRA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent-</td>
<td>Rank</td>
<td>Percent-</td>
<td>Rank</td>
<td>Percent-</td>
<td>Rank</td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>4.67</td>
<td>8</td>
<td>14.84</td>
<td>18</td>
<td>13.35</td>
<td>16</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>82.40</td>
<td>31</td>
<td>71.64</td>
<td>30</td>
<td>33.21</td>
<td>25</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>3.47</td>
<td>7</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>8.16</td>
<td>15</td>
<td>7.81</td>
<td>14</td>
<td>30.65</td>
<td>25</td>
</tr>
<tr>
<td>Small-Business -</td>
<td>0.08</td>
<td>1</td>
<td>5.71</td>
<td>10</td>
<td>2.60</td>
<td>4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small-Business -</td>
<td>1.22</td>
<td>3</td>
<td>0.00</td>
<td>-</td>
<td>20.19</td>
<td>22</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rank Total</td>
<td>65</td>
<td></td>
<td>72</td>
<td></td>
<td>93</td>
<td></td>
</tr>
</tbody>
</table>

H STATISTICS = \[ \frac{12/31(31+1)}{(653/6 + 72/4 + 93/5 + 95/5 + 98/5 + 73/6) - 3(31+1)} = 4.13 \]

\[
X^2_{o.b.s.} \text{ for } v = 5 = 11.07. \quad \text{Result: Accept } H_0
\]
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri-Equipment</td>
<td>3.32</td>
<td>7</td>
<td>22.83</td>
<td>21</td>
<td>11.01</td>
<td>5.40</td>
<td>10</td>
<td>0.00</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>85.86</td>
<td>29</td>
<td>23.99</td>
<td>22</td>
<td>7.86</td>
<td>69.01</td>
<td>26</td>
<td>72.75</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>2.12</td>
<td>3</td>
<td>8.36</td>
<td>15</td>
<td>0.00</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>5.98</td>
<td>13</td>
<td>39.31</td>
<td>24</td>
<td>44.58</td>
<td>5.69</td>
<td>12</td>
<td>17.52</td>
</tr>
<tr>
<td>Small-Business -</td>
<td>0.10</td>
<td>1</td>
<td>0.00</td>
<td>-</td>
<td>3.14</td>
<td>6</td>
<td>4.03</td>
<td>8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small-Business -</td>
<td>2.62</td>
<td>4</td>
<td>5.51</td>
<td>11</td>
<td>33.41</td>
<td>15.87</td>
<td>19</td>
<td>9.73</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rank Total</td>
<td>57</td>
<td>93</td>
<td>86</td>
<td>75</td>
<td>63</td>
<td>61</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

H STATISTICS = (12/29(29+1)) (57/6 + 93/5 + 86/5 + 75/5 + 63/3 + 61/5) - 3 (29+1) = 5.76.

χ^2_0.005 for v = 5 = 11.07

Result: Accept Hₐ
of priority sector credit may be presupposed under the service area approach. Therefore, inter-sectoral difference in the distribution of priority sector credit both before and after the introduction of service area approach has been made to ascertain whether service area approach has achieved its objective of balanced credit. The result of the Kruskal-Wallis test presented in table 5.23 and 5.24 respectively for the periods before and after the introduction of service area approach indicates that there is significant inter-sectoral difference in the distribution of priority sector credit both before and after the introduction of service area approach. From this, it may be inferred that there is no equitable distribution of credit between various sectors of the economy. It can't be construed that there is no balanced credit. The balanced credit means balance in terms of requirements and not in equitable distribution. However, it may be concluded that service area approach has no impact upon the existing inequitable distribution of credit between the different sectors of the economy.

5.18 SECTORAL DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF DIFFERENT BANKS

While planning the credit under the service area approach, the target allocations to different sectors has been made taking into consideration the credit requirements and potentialities of the different sectors in the service area. If the percentage distribution of credit to different sectors in the achievement tallies with that of the allocation, then we can say that there is balanced credit even if there is no equitable distribution of credit among the
### TABLE 5.23

**INTER-SECTORAL DIFFERENCE IN THE DISTRIBUTION OF PRIORITY SECTOR CREDIT BEFORE SERVICE AREA APPROACH (S.A.A) - KRUSKAL WALLIS TEST**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent age</td>
<td>Rank</td>
<td>Percent age</td>
<td>Rank</td>
<td>Percent age</td>
<td>Rank</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthinagar</td>
<td>4.67</td>
<td>8</td>
<td>82.40</td>
<td>31</td>
<td>3.47</td>
<td>7</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>14.84</td>
<td>18</td>
<td>71.64</td>
<td>30</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>13.35</td>
<td>16</td>
<td>33.21</td>
<td>26</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>20.91</td>
<td>23</td>
<td>38.09</td>
<td>27</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>5.84</td>
<td>11</td>
<td>70.45</td>
<td>29</td>
<td>2.93</td>
<td>5</td>
</tr>
<tr>
<td>Rank Total</td>
<td>100</td>
<td>164</td>
<td>25</td>
<td>119</td>
<td>23</td>
<td>65</td>
</tr>
</tbody>
</table>

\[ H \text{ STATISTICS} = \frac{12}{31(31+1)} (100V^6 + 164V^6 + 25V^3 + 119V^6 + 23V^5 + 65V^5) - 3 (31+1) = 20.96 \]

\[ X^2_{0.01} \text{ for } v = 5 = 15.09 \]

**Result:** Reject $H_0$
### TABLE 5.24

**INTER-SECTORAL DIFFERENCE IN THE DISTRIBUTION OF PRIORITY SECTOR CREDIT AFTER SERVICE AREA APPROACH (S.A.A)**

**- KRUSKAL WALLIS TEST**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent</td>
<td>Rank</td>
<td>Percent</td>
<td>Rank</td>
<td>Percent</td>
<td>Rank</td>
</tr>
<tr>
<td>1. Canara Bank, 5akthinagar</td>
<td>3.32</td>
<td>7</td>
<td>85.86</td>
<td>29</td>
<td>2.12</td>
<td>3</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>22.83</td>
<td>21</td>
<td>23.99</td>
<td>22</td>
<td>8.36</td>
<td>15</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>11.01</td>
<td>18</td>
<td>7.86</td>
<td>14</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>5.40</td>
<td>10</td>
<td>69.01</td>
<td>26</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>0.00</td>
<td>-</td>
<td>72.75</td>
<td>27</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>10.81</td>
<td>17</td>
<td>81.47</td>
<td>28</td>
<td>0.00</td>
<td>-</td>
</tr>
<tr>
<td>Rank Total</td>
<td>73</td>
<td>146</td>
<td>18</td>
<td>103</td>
<td>17</td>
<td>78</td>
</tr>
</tbody>
</table>

**H STATISTICS** = \([12/29(29+1)](73^2/5 + 146^2/6 + 18^2/2 + 103^2/6 + 17^2/4 + 78^2/6) - 3(29+1) = 13.13\)**

| \(X^2_{\text{calc}}\) for \(v = 5\) = 11.07 | Result : Reject \(H_0\) |

Note: The table and formulas indicate a statistical analysis comparing the distribution of priority sector credit among banks using the Kruskal-Wallis test.
different sectors of the economy. Hence to analyse the effectiveness of service area approach in achieving the balanced credit, the percentage sectoral distribution of credit in the allocation and achievement has been worked out for each of the banks both before and after the introduction of service area approach and presented in the following sections.

Table 5.25 gives the sectoral percentage distribution of priority sector credit made by the Canara Bank - Sakthinagar under the pre and post service area approach periods. From the table 5.25, it is clear that the percentage share of agri-crop loan and minor-irrigation loan in the credit achievement made by Canara Bank - Sakthinagar is higher than that of their respective share in the allocation not only before the introduction of service area approach but also after the introduction of service area approach. Similarly, the share of agri-equipment loan and agri-allied credit in the credit achievement of Canara Bank - Sakthinagar is relatively lower than that of their share in the allocation both before and after the introduction of service area approach. However, the difference in the sectoral share between allocation and achievement is narrowed down under the service area approach. Likewise, the narrowing of the difference in the sectoral proportions between allocation and achievements has been observed in the case of small business - manufacturing credit and small business - trade credit under the service area approach as compared to that of the difference observed before the service area approach.
### TABLE 5.25

**SECTORAL PERCENTAGE DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF CANARA BANK - SAKTHINAGAR BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)**

- **WILCOXON’S SIGNED RANK TEST**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Before SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
<th>Under SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Achieve</td>
<td>Differ</td>
<td></td>
<td>Allocation</td>
<td>Achieve</td>
<td>Differ</td>
<td></td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>54.04</td>
<td>82.40</td>
<td>28.36</td>
<td>6</td>
<td>75.65</td>
<td>85.86</td>
<td>10.21</td>
<td>6</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>1.54</td>
<td>3.47</td>
<td>1.93</td>
<td>1</td>
<td>1.39</td>
<td>3.13</td>
<td>1.74</td>
<td>3</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>13.83</td>
<td>8.16</td>
<td>5.67</td>
<td>-4</td>
<td>8.52</td>
<td>5.98</td>
<td>-2.54</td>
<td>-4</td>
</tr>
<tr>
<td>Small Business-Manufacturing</td>
<td>2.13</td>
<td>0.08</td>
<td>-2.05</td>
<td>-2</td>
<td>0.43</td>
<td>1.10</td>
<td>0.67</td>
<td>1</td>
</tr>
<tr>
<td>Small Business-Trade</td>
<td>6.52</td>
<td>1.32</td>
<td>-5.20</td>
<td>-3</td>
<td>1.80</td>
<td>2.62</td>
<td>0.82</td>
<td>2</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks \((W_t)\): 7 \(\neq 9\)

However, the results of the Wilcoxon’s signed rank test presented in table 5.31 indicates that there is no significant difference in the sectoral proportions between allocation and achievement not only after the implementation of the service area approach but also before the introduction of the service area approach. This clearly indicates that Canara Bank - Sakthinagar has made balanced credit even before the introduction of service area approach and maintained the same under the service area approach.
In the case of State Bank of India-Bhavani, agri-crop loan constitute the major proportion in the priority sector credit planned by the bank not only before the introduction of service area approach, but also under the service area approach (Table 5.26). However, while seeing the gap in this proportion between allocation and achievement, the gap is found to be at a remarkably higher level under the service area approach. Similarly, there is difference in the proportion of agri-equipment loan between allocation and achievement before the service area approach as well as under the service area approach. The proportion of agri-equipment loan in the achievement is greater than that of its proportion in the allocation both under pre-service area approach period and service area approach period. However, the difference is found to be much higher under the service area approach. In the case of all other loans also the difference in their proportion between allocation and achievement is found to be widened under the service area approach. This clearly indicates that the objective of balanced credit under the service area approach has not been met by this bank.

However, the Wilcoxon’s signed rank test do not support this observation. The result reveals no difference in the sectoral percentage distribution of priority sector credit between allocation and achievement not only during the service area approach period but also in the pre-service area approach period. This proves the fact that State Bank of India-Bhavani, has made balanced credit even before the introduction of service area approach and which has been maintained under the service area approach period also.
TABLE 5.26

SECTORAL PERCENTAGE DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF STATE BANK OF INDIA - BHAVANI BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Before SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
<th>Under SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Achieve</td>
<td>Differ</td>
<td>Signed Rank</td>
<td>Allocation</td>
<td>Achieve</td>
<td>Differ</td>
<td>Signed Rank</td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>4.92</td>
<td>14.84</td>
<td>9.92</td>
<td>5</td>
<td>2.02</td>
<td>22.83</td>
<td>20.81</td>
<td>4</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>73.52</td>
<td>71.64</td>
<td>-1.88</td>
<td>-3</td>
<td>70.34</td>
<td>23.99</td>
<td>-46.35</td>
<td>-6</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>0.84</td>
<td>0.00</td>
<td>-0.84</td>
<td>-1</td>
<td>0.40</td>
<td>8.36</td>
<td>7.96</td>
<td>2</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>19.05</td>
<td>7.81</td>
<td>-11.24</td>
<td>-6</td>
<td>13.56</td>
<td>39.31</td>
<td>25.75</td>
<td>5</td>
</tr>
<tr>
<td>Small Business-</td>
<td>0.04</td>
<td>5.71</td>
<td>5.67</td>
<td>4</td>
<td>13.16</td>
<td>0.00</td>
<td>-13.16</td>
<td>3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business-</td>
<td>1.62</td>
<td>0.00</td>
<td>-1.62</td>
<td>-2</td>
<td>0.51</td>
<td>5.51</td>
<td>5.00</td>
<td>1</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks (W₁) 9

In the case of South Indian Bank - Bhavani, the results presented in table 5.27, reveals that South Indian Bank - Bhavani gave equally major importance to agri-crop loan and agri-allied credit not only in its allocation but also in its achievement before the introduction of service area approach. However, after the introduction of service area approach, while giving major importance to small business credit in its allocation, gave much importance to agri-allied credit in its achievement. Under the service area approach, the proportion
TABLE 5.27
SECTORAL PERCENTAGE DISTRIBUTION OF PRIORTY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF SOUTH INDIAN BANK - BHAVANI BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Before SAA</th>
<th></th>
<th></th>
<th></th>
<th>Under SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
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<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td>Signed Rank</td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td>Signed Rank</td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>10.62</td>
<td>13.35</td>
<td>2.73</td>
<td>5</td>
<td>17.13</td>
<td>11.01</td>
<td>-6.12</td>
<td>-4</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>30.89</td>
<td>33.21</td>
<td>2.32</td>
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<td>21.76</td>
<td>7.86</td>
<td>-13.90</td>
<td>-5</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
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<td>-6</td>
<td>2.78</td>
<td>0.00</td>
<td>-2.78</td>
<td>-3</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>33.17</td>
<td>30.65</td>
<td>-2.52</td>
<td>-4</td>
<td>19.64</td>
<td>64.58</td>
<td>44.94</td>
<td>6</td>
</tr>
<tr>
<td>Small Business-</td>
<td>1.54</td>
<td>2.60</td>
<td>1.06</td>
<td>1</td>
<td>4.63</td>
<td>3.14</td>
<td>-1.49</td>
<td>-2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business-</td>
<td>18.34</td>
<td>20.19</td>
<td>1.85</td>
<td>2</td>
<td>34.26</td>
<td>33.41</td>
<td>-0.85</td>
<td>-1</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_1$) 10 6

of agri-allied credit in the credit achievement made by the bank is remarkably at a higher level as compared to its proportion in the allocation. The widening gap in the sectoral proportions between allocation and achievement under the service area approach is observed in the case of agri-equipment loan, agri-crop loan and agri-allied credit. In the case of all small business loans, the difference in the sectoral proportions observed between allocation and
achievement is found to be insignificant both under the service area approach and pre-service area approach periods. On the whole, there appears to be negative impact of service area approach upon maintaining sectoral balance in extending the credit.

The results of the Wilcoxon’s signed rank test, presented in table 5.31, indicates no significant difference in the sectoral proportions between allocation and achievement both under service area approach period and pre-service area approach period. This demonstrates the sectoral balance maintained by South Indian Bank - Bhavani in making the credit both under service area approach and pre-service area approach periods.

The sectoral proportions of Canara Bank - Bhavani in the allocation and achievement of its credit before and after the introduction of service area approach, presented in table 5.28 reveals that the Canara Bank - Bhavani while giving lesser importance to agri-crop loan before the service area approach, gave the more importance under the service area approach in its allocation. However, in its achievement, it showed greater importance to agri-crop loan both before and after the introduction of service area approach. The proportion of agri-crop loan and agri-allied credit in the achievement, while remaining higher than that of their proportion under allocation before the introduction of service area approach, ruled lower than that of their proportion in the allocation under service area approach. Whereas in the case of agri-equipment and minor-
<table>
<thead>
<tr>
<th>Sectors</th>
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<th></th>
<th></th>
<th>Signed Rank</th>
<th>Under SAA</th>
<th></th>
<th></th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td></td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td></td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>33.58</td>
<td>20.91</td>
<td>-12.67</td>
<td>-3</td>
<td>12.07</td>
<td>5.40</td>
<td>-6.67</td>
<td>-4</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>22.39</td>
<td>38.09</td>
<td>15.70</td>
<td>5</td>
<td>76.59</td>
<td>69.01</td>
<td>-7.58</td>
<td>-5</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>33.51</td>
<td>0.00</td>
<td>-33.51</td>
<td>-6</td>
<td>1.80</td>
<td>0.00</td>
<td>-1.80</td>
<td>-1</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>8.81</td>
<td>19.50</td>
<td>10.69</td>
<td>2</td>
<td>7.57</td>
<td>5.69</td>
<td>-1.88</td>
<td>-2</td>
</tr>
<tr>
<td>Small Business-Manufacturing</td>
<td>5.92</td>
<td>3.22</td>
<td>-2.70</td>
<td>-1</td>
<td>0.89</td>
<td>4.03</td>
<td>3.14</td>
<td>3</td>
</tr>
<tr>
<td>Small Business-Trade</td>
<td>3.78</td>
<td>18.37</td>
<td>14.59</td>
<td>4</td>
<td>1.07</td>
<td>15.87</td>
<td>14.80</td>
<td>6</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_j$) 10 9

irrigation loans, their proportion in the achievement is found to be lower than that of their proportion in the allocation both before and after the introduction of service area approach. In each of the above mentioned cases, the difference in the proportion between allocation and achievement is found to be narrowed down under service area approach. In the case of small business credits, the difference remained more or less constant during pre-service area approach.
and service area approach periods. On the whole, there seems to be positive impact of service area approach on Canara Bank - Bhavani in achieving the objective of balanced credit. The Wilcoxon's signed rank test presented in table 5.30 also confirms that there is balanced credit by Canara Bank - Bhavani not only under service area approach but also before service area approach. This clearly indicate that the service area approach has sustained the balanced credit achieved by Canara Bank - Bhavani before the service area approach.

The sectoral percentage distribution of priority sector credit of Karur Vysya Bank - Kavindapadi, presented in table 5.29 shows that while giving greater importance to agri-crop loan under allocation and agri-allied credit under achievement before service area approach, the Karur Vysya Bank - Kavindapadi gave consistently greater importance to agri-crop loan both under allocation and achievement after the introduction of service area approach. Excepting in the case of small business credit and minor-irrigation loans, in the case of all other credits, the difference in the sectoral proportions between allocation and achievement is found to be narrowed down under the service area approach. The proportion of minor-irrigation and small business credits are found to be at a lower level both before and under the service area approach. On the whole, there seems to be some impact of service area approach upon Karur Vysya Bank - Kavindapadi, in achieving the balanced credit. The results of the Wilcoxon's signed rank test presented in table 5.31 reveals that there is no difference in the sectoral proportions between allocation and achievement.
TABLE 5.29

SECTORAL PERCENTAGE DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF KARUR VYSYA BANK - KAVINDAPADI BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

- WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Before SAA</th>
<th></th>
<th></th>
<th>Under SAA</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td>Signed Rank</td>
<td>Allocation</td>
<td>Achievement</td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>13.29</td>
<td>24.87</td>
<td>11.58</td>
<td>4</td>
<td>8.59</td>
<td>0.00</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>48.17</td>
<td>19.89</td>
<td>-28.28</td>
<td>-6</td>
<td>78.91</td>
<td>72.75</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>8.31</td>
<td>6.78</td>
<td>-1.53</td>
<td>-1</td>
<td>2.34</td>
<td>0.00</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>24.58</td>
<td>42.35</td>
<td>17.77</td>
<td>5</td>
<td>3.91</td>
<td>17.52</td>
</tr>
</tbody>
</table>
| Small Business-
Manufacturing | 1.66       | 0.00       | -1.66   | -2        | 4.69       | 0.00     | -4.69     | -2         |
| Small Business-
Trade            | 3.99       | 6.11       | 2.12    | 3         | 1.56       | 9.73     | 8.17      | 4          |

The smaller sum of signed ranks among the positive and negative ranks ($W_j$) 9 10

not only under service area approach, but also before service area approach.

This clearly indicates that the service area approach has maintained the balance achieved between allocation and achievement by Karur Vysya Bank - Kavindapadi before the introduction of the service area approach.

From the sectoral proportions of credit of Indian Overseas Bank - Odathurai, in its allocation and achievement, presented in table 5.30, it could be understood
**TABLE 5.30**

SECTORAL PERCENTAGE DISTRIBUTION OF PRIORITY SECTOR CREDIT IN THE ALLOCATION AND ACHIEVEMENT OF INDIAN OVERSEAS BANK - ODATHURAI BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

-WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Before SAA</th>
<th></th>
<th></th>
<th></th>
<th>Under SAA</th>
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<th></th>
<th></th>
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<td>Achievement</td>
<td>Difference</td>
<td>Signed Rank</td>
<td>Allocation</td>
<td>Achievement</td>
<td>Difference</td>
<td>Signed Rank</td>
</tr>
<tr>
<td>Agri-Equipment</td>
<td>10.96</td>
<td>5.84</td>
<td>-5.12</td>
<td>-4</td>
<td>14.12</td>
<td>10.81</td>
<td>-3.31</td>
<td>-3</td>
</tr>
<tr>
<td>Agri-Crop</td>
<td>55.69</td>
<td>70.45</td>
<td>14.76</td>
<td>6</td>
<td>55.85</td>
<td>81.47</td>
<td>25.62</td>
<td>6</td>
</tr>
<tr>
<td>Minor-Irrigation</td>
<td>3.76</td>
<td>2.93</td>
<td>-0.83</td>
<td>-2</td>
<td>3.20</td>
<td>0.00</td>
<td>-3.20</td>
<td>-2</td>
</tr>
<tr>
<td>Small Business-Manufacturing</td>
<td>2.09</td>
<td>1.17</td>
<td>-0.92</td>
<td>-3</td>
<td>0.78</td>
<td>0.15</td>
<td>-0.63</td>
<td>-1</td>
</tr>
<tr>
<td>Small Business-Trade</td>
<td>5.57</td>
<td>5.01</td>
<td>-0.56</td>
<td>-1</td>
<td>7.76</td>
<td>2.77</td>
<td>-4.99</td>
<td>-4</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_1$) 6 6

that agri-crop loan constitutes the major proportion both under allocation and achievement not only before service area approach but also after the introduction of service area approach. However, its proportions in the achievement is found to be higher than that of its proportion in the allocation both under the service area approach and before the service area approach. But the difference in the proportions between allocation and achievement is found to have widened under
service area approach. The widening of the gap in the sectoral proportion between allocation and achievement under the service area approach is also noticed in the case of agri-allied credit, small business - trade and minor-irrigation credits. But their proportion in the achievement is lower than that of their respective proportion in the allocation. On the whole, there appears to be a greater imbalance under the service area approach in the credit extended by Indian Overseas Bank - Odathurai.

However, the Wilcoxon’s test (the result of which presented in table 5.31) does not confirm the above observation. It shows no significant difference in the sectoral proportions between allocation and achievement both under service area approach and before service area approach. Thus there is balanced credit by Indian Overseas Bank - Odathurai before the service area approach as well as under the service area approach.

5.19 SECTORWISE CREDIT PERFORMANCE BY DIFFERENT BANKS

The performance of the commercial banks can also be ascertained from the percentage of credit achievement made by them in the allocation of funds decided on the basis of the credit plan. When the achievement and allocation amounts are equal then the performance of the bank is said to be hundred percent. When the achievement of credit exceeds the funds allotted, then the performance is said to be more than hundred percent. In the opposite, if the achievement fall short of the funds allotted, then the performance of the banks is said to


**TABLE 5.31**

DIFFERENCE IN THE SECTORAL DISTRIBUTION OF PRIORITY SECTOR CREDIT BETWEEN ALLOCATION AND ACHIEVEMENT (S.A.A)

- RESULTS OF WILCOXON’S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Bank</th>
<th>Period</th>
<th>Sum of Signed Ranks ($W_i$)</th>
<th>No. of Cases where $W_i \leq n$</th>
<th>Total Possible Cases ($2^a$)</th>
<th>Probability of $W_i \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.25</td>
<td>Canara Bank, Sakthinagar</td>
<td>Before SAA</td>
<td>7</td>
<td>18</td>
<td>($2^a$)</td>
<td>0.28</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>9</td>
<td>27</td>
<td>($2^a$)</td>
<td>0.42</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.26</td>
<td>State Bank of India, Bhavani</td>
<td>Before SAA</td>
<td>9</td>
<td>27</td>
<td>($2^a$)</td>
<td>0.42</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>9</td>
<td>27</td>
<td>($2^a$)</td>
<td>0.42</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.27</td>
<td>South Indian Bank, Bhavani</td>
<td>Before SAA</td>
<td>10</td>
<td>32</td>
<td>($2^a$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>6</td>
<td>14</td>
<td>($2^a$)</td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.28</td>
<td>Canara Bank, Bhavani</td>
<td>Before SAA</td>
<td>10</td>
<td>32</td>
<td>($2^a$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>9</td>
<td>27</td>
<td>($2^a$)</td>
<td>0.42</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.29</td>
<td>Karur Vysya Bank, Kavindapadi</td>
<td>Before SAA</td>
<td>9</td>
<td>27</td>
<td>($2^a$)</td>
<td>0.42</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>10</td>
<td>32</td>
<td>($2^a$)</td>
<td>0.50</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td>5.30</td>
<td>Indian Overseas Bank, Odathurai</td>
<td>Before SAA</td>
<td>6</td>
<td>14</td>
<td>($2^a$)</td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under SAA</td>
<td>6</td>
<td>14</td>
<td>($2^a$)</td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>
be less than hundred percent. An analysis of the said performance scores between the two periods would likely indicate the relative performance of the banks under two different periods. The table 5.32 gives the sectoral performance scores of different banks under service area approach period and pre-service area approach period.

From the table 5.32, it could be understood that the credit achievement of the Canara Bank - Sakthinagar under service area approach is more than its allocation in the case of agriculture, agri-allied and small business credits. On comparison of the performance scores under service area approach with that of the performance scores before service area approach, it is evident that the credit performance of the Canara Bank - Sakthinagar has improved under service area approach in the case of all types of credits. In the case of State Bank of India - Bhavani, the performance is impressive only with regard to small business - trade credit. The credit performance of the bank is not satisfactory in the case of other types of credits. The credit performance of South Indian Bank - Bhavani is also not upto the mark. The performance of the bank has declined under service area approach, even though it has achieved the majority of its targets under agri-allied credit. The credit performance of the Canara Bank - Bhavani improved remarkably under service area approach in the case of small business credit, while there is a decline in its performance in the case of agriculture and agri-allied credits. Remarkably there is sharp fall in the credit performance of Karur Vysya Bank - Kavindapadi under service
### TABLE 5.32

SECTORAL CREDIT PERFORMANCE OF VARIOUS BANKS BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - WILCOXON'S SIGNED RANK TEST

(Figures in percentages)

<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK SAKTHINAGAR</th>
<th>STATE BANK OF INDIA BHAVANI</th>
<th>SOUTH INDIAN BANK BHAVANI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td>167.25</td>
<td>203.28</td>
<td>36.03</td>
</tr>
<tr>
<td>2. Agri-Allied</td>
<td>84.45</td>
<td>139.60</td>
<td>55.15</td>
</tr>
<tr>
<td>3. Small Business-Manufacturing</td>
<td>5.19</td>
<td>43.81</td>
<td>38.62</td>
</tr>
<tr>
<td>4. Small Business-Trade</td>
<td>26.57</td>
<td>289.79</td>
<td>263.22</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks ($W_0$) 0 5 0

(CONTD.)
<table>
<thead>
<tr>
<th>Sector</th>
<th>CANARA BANK BHAVANI</th>
<th>KARUR VYSYA BANK KAVINDAPADI</th>
<th>INDIAN OVERSEAS BANK ODATHURAI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before SAA</td>
<td>Under SAA</td>
<td>Difference</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td>51.26</td>
<td>41.85</td>
<td>-9.41</td>
</tr>
<tr>
<td>2. Agri-Allied</td>
<td>156.76</td>
<td>38.23</td>
<td>-118.53</td>
</tr>
<tr>
<td>3. Small Business-Manufacturing</td>
<td>38.33</td>
<td>229.72</td>
<td>191.39</td>
</tr>
<tr>
<td>4. Small Business-Trade</td>
<td>341.99</td>
<td>753.91</td>
<td>411.92</td>
</tr>
</tbody>
</table>

The smaller of the rank totals among the positive and negative ranks \( (W,) \)

3

0

0

(CONCLD.)
area approach in the case of all types of credits. Excepting in the case of agricultural credit, in the case of all other types of credit, the Indian Overseas Bank - Odathurai has not achieved its target. Its achievement has fallen remarkably to a lower level under the service area approach in the case of all types of non-agricultural credits. On the whole, excepting Canara Bank - Sakthinagar and Canara Bank - Bhavani, the credit performance of all other banks has not improved under service area approach.

The results of the Wilcoxon’s signed rank test, presented in the table 5.33, reveals that there is no significant difference in the credit performance of the banks between the two periods under study.

5.20 CREDIT PERFORMANCE OF BANKS BY SECTORS

An analysis of the credit performance of the banks by different sectors would likely indicate the relative impact of service area approach upon the different banks under study. The table 5.34 presents the credit performance scores of different banks by the sectors of credit for the two periods viz., before and after the introduction of service area approach.

From the table 5.34, it could be understood that excepting Canara Bank - Sakthinagar and Indian Overseas Bank - Odathurai, the credit performance of all other banks in extending agricultural credit is not upto the targeted level. Barring Canara Bank - Sakthinagar, all other banks fared badly under
TABLE 5.33

DIFFERENCE BETWEEN THE SECTORAL CREDIT PERFORMANCE OF DIFFERENT BANKS BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

-RESULTS OF WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Bank</th>
<th>Sum of Signed Ranks ($W_i$)</th>
<th>No. of Cases where $W_i \leq n$</th>
<th>Total Possible Cases ($2^n$)</th>
<th>Probability of $W_i \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.32</td>
<td>Canara Bank - Sakthinagar</td>
<td>0</td>
<td>1</td>
<td>$(2^k)$</td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>State Bank of India-Bhavani</td>
<td>5</td>
<td>9</td>
<td>$(2^k)$</td>
<td>0.56</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>South Indian Bank-Bhavani</td>
<td>0</td>
<td>1</td>
<td>$(2^k)$</td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Cauara Bank - Bhavani</td>
<td>3</td>
<td>5</td>
<td>$(2^k)$</td>
<td>0.31</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Karur Vysya Bank-Kavindapadi</td>
<td>0</td>
<td>1</td>
<td>$(2^k)$</td>
<td>0.13</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td>Indian Overseas Bank-Odathurai</td>
<td>0</td>
<td>1</td>
<td>$(2^k)$</td>
<td>0.06</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>

service area approach. Similarly, in extending agri-allied credit, excepting in the case of Canara Bank - Sakthinagar, in the case of all other banks the credit performance has declined sharply to a very low level under service area approach.
### Table 5.34

**The Credit Performance of Various Ranks by Sectors Before and After the Introduction of Service Area Approach (SAA) - Wilcoxon's Signed Rank Test**

(Figures in percentages)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Agriculture Before SAA</th>
<th>Agriculture Under SAA</th>
<th>Difference</th>
<th>Signed Rank</th>
<th>Agriculture Before SAA</th>
<th>Agriculture Under SAA</th>
<th>Difference</th>
<th>Signed Rank</th>
<th>Agriculture Before SAA</th>
<th>Agriculture Under SAA</th>
<th>Difference</th>
<th>Signed Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Canara Bank, Sakthinar</td>
<td>167.25</td>
<td>203.28</td>
<td>36.03</td>
<td>4</td>
<td>84.45</td>
<td>136.60</td>
<td>52.15</td>
<td>3</td>
<td>5.19</td>
<td>43.81</td>
<td>38.62</td>
<td>1</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>30.35</td>
<td>9.14</td>
<td>-21.21</td>
<td>2</td>
<td>11.41</td>
<td>35.55</td>
<td>24.14</td>
<td>1</td>
<td>3765.07</td>
<td>0.00</td>
<td>-3765.07</td>
<td>-5</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>66.51</td>
<td>5.33</td>
<td>-61.18</td>
<td>5</td>
<td>78.44</td>
<td>27.00</td>
<td>-51.44</td>
<td>2</td>
<td>100.00</td>
<td>8.00</td>
<td>-92.00</td>
<td>-3</td>
</tr>
<tr>
<td>5. Kanir Vyaya Bank, Kanivapadi</td>
<td>36.97</td>
<td>2.08</td>
<td>-34.89</td>
<td>3</td>
<td>75.95</td>
<td>11.52</td>
<td>-64.43</td>
<td>4</td>
<td>0.00</td>
<td>0.00</td>
<td>-0.00</td>
<td>-2</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>176.10</td>
<td>111.70</td>
<td>-64.40</td>
<td>6</td>
<td>104.28</td>
<td>22.24</td>
<td>-82.04</td>
<td>5</td>
<td>87.50</td>
<td>16.00</td>
<td>-71.50</td>
<td>-2</td>
</tr>
</tbody>
</table>

The smaller sum of signed ranks among the positive and negative ranks ($W_0$): 4 4 5 6
In the same way, in extending small business - manufacturing credit, the performance of all other banks, excepting Canara Bank - Bhavani, is found to be affected very badly under service area approach. However, in the small business -trade credit, while Canara Bank - Sakthinagar, State Bank of India - Bhavani and Canara Bank - Bhavani have showed an impressive improved performance under service area approach, South Indian Bank - Bhavani, Karur Vysya Bank - Kavindapadi and Indian Overseas Bank - Odathurai, have showed declined performance under service area approach.

The results of Wilcoxon’s signed rank test, presented in table 5.35, indicates no significant difference in the performance of the banks between the two periods under study in extending all types of credits. This clearly indicates no impact of service area approach on the performance of the banks in extending different types of credits.

5.21 INTER-BANK DIFFERENCE IN THE CREDIT PERFORMANCE

As the service area approach aims at intensive area credit, a balanced credit performance of the banks could be expected under the service area approach. Hence, to gauge the effect of service area approach upon the banks, the inter-bank differences in the sectoral credit performance has been analysed using Kruskal - Wallis test for the period before and after the introduction of service area approach and the results of which are presented in tables 5.36 and 5.37 respectively.
TABLE 5.35
DIFFERENCE BETWEEN THE CREDIT PERFORMANCE OF VARIOUS BANKS BEFORE AND AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (SAA)

-RESULTS OF WILCOXON'S SIGNED RANK TEST

<table>
<thead>
<tr>
<th>Reference Table No.</th>
<th>Reference Table</th>
<th>Sectors</th>
<th>Sum of Signed Ranks ($W_j$)</th>
<th>No. of Cases where $W_j \leq n$</th>
<th>Total Possible Cases ($2^k$)</th>
<th>Probability of $W_j \leq n$</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.34</td>
<td></td>
<td>Agriculture</td>
<td>4</td>
<td>7</td>
<td>$(2^6)$</td>
<td>0.11</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agri-Allied</td>
<td>4</td>
<td>7</td>
<td>$(2^6)$</td>
<td>0.11</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small Business-Manufacturing</td>
<td>5</td>
<td>10</td>
<td>$(2^5)$</td>
<td>0.31</td>
<td>Accept $H_0$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small Business-Trade</td>
<td>6</td>
<td>14</td>
<td>$(2^6)$</td>
<td>0.22</td>
<td>Accept $H_0$</td>
</tr>
</tbody>
</table>

From the results of Kruskal - Wallis test, presented in the last row of the table 5.36, it could be understood that there is no significant difference between the banks in extending different types of sectoral credits before the introduction of service area approach. However, after the introduction of service area approach, the $H$ Statistic turned out to be significant at 5 percent level of significance (Table 5.37), indicating that by 95 percent certainty there is significant difference between the banks in their credit performance after the introduction of service area approach. This result is contrary to our expectation of balanced performance of banks under the service area approach. From this
### TABLE 5.36

**INTER-BANK DIFFERENCE IN THE SECTORAL CREDIT PERFORMANCE OF BANKS BEFORE THE INTRODUCTION OF SERVICE AREA APPROACH (S.A.A) - KRUSKAL WALLIS TEST**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>CANARA BANK</th>
<th>STATE BANK OF INDIA</th>
<th>SOUTH INDIAN BANK</th>
<th>CANARA BANK</th>
<th>STATE BANK OF INDIA</th>
<th>SOUTH INDIAN BANK</th>
<th>KARNATAK VVyA BANK</th>
<th>DURGAPUR VVyA BANK</th>
<th>Rank Total</th>
<th>Rank Total</th>
<th>Rank Total</th>
<th>Rank Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance score</td>
<td>Rank</td>
<td>Performance score</td>
<td>Rank</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
<td>Performance score</td>
</tr>
<tr>
<td>Agriculture</td>
<td>167.25</td>
<td>19</td>
<td>30.35</td>
<td>4</td>
<td>66.51</td>
<td>9</td>
<td>51.26</td>
<td>7</td>
<td>36.97</td>
<td>5</td>
<td>176.10</td>
<td>20</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>84.45</td>
<td>12</td>
<td>11.41</td>
<td>2</td>
<td>78.44</td>
<td>11</td>
<td>156.76</td>
<td>18</td>
<td>75.95</td>
<td>10</td>
<td>104.28</td>
<td>15</td>
</tr>
<tr>
<td>Small Business-Manufacturing</td>
<td>5.19</td>
<td>1</td>
<td>37.65.07</td>
<td>22</td>
<td>100.00</td>
<td>14</td>
<td>38.53</td>
<td>6</td>
<td>0.00</td>
<td>-</td>
<td>87.50</td>
<td>13</td>
</tr>
<tr>
<td>Small Business-Trade</td>
<td>26.87</td>
<td>3</td>
<td>0.00</td>
<td>-</td>
<td>65.26</td>
<td>8</td>
<td>341.99</td>
<td>21</td>
<td>109.23</td>
<td>16</td>
<td>140.75</td>
<td>17</td>
</tr>
</tbody>
</table>

H STATISTIC = \( \left( \frac{12}{22(22+1)} \right) (35^4/4 + 28^4/3 + 42^4/4 + 52^4/4 + 31^4/3 + 65^4/4) - 3 (22+1) = 3.6 \)

\( \chi^2_{0.05} \) for \( v = 5 = 11.07 \); \( \chi^2_{0.005} \) for \( v = 5 = 9.42 \)

Result: Accept \( H \) at 5% Significance level
Accept \( H \) at 10% Significance level
### TABLE 5.37

**INTER-BANK DIFFERENCE IN THE SECTORAL CREDIT PERFORMANCE OF BANKS AFTER THE INTRODUCTION OF SERVICE AREA APPROACH (S.A.A) - KRUSKAL WALLIS TEST**

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>CAMARA BANK SACHINAGAR</th>
<th>STATE BANK OF INDIA BHAVNAGAR</th>
<th>SOUTH INDIAN BANK BHAVNAGAR</th>
<th>KARUR VITHYA BANK KAVIRAJAPURAM</th>
<th>IDBI OVERSEAS BANK VIDYARATHI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance score</td>
<td>Rank</td>
<td>Performance score</td>
<td>Rank</td>
<td>Performance score</td>
</tr>
<tr>
<td>Agriculture</td>
<td>203.28</td>
<td>19</td>
<td>9.14</td>
<td>4</td>
<td>5.33</td>
</tr>
<tr>
<td>Agri-Allied</td>
<td>139.60</td>
<td>18</td>
<td>35.35</td>
<td>12</td>
<td>27.00</td>
</tr>
<tr>
<td>Small Business-Manufacturing</td>
<td>43.81</td>
<td>15</td>
<td>0.00</td>
<td>-</td>
<td>8.00</td>
</tr>
<tr>
<td>Small Business-Trade</td>
<td>289.79</td>
<td>21</td>
<td>132.80</td>
<td>17</td>
<td>11.49</td>
</tr>
<tr>
<td>Rank Total</td>
<td></td>
<td>73</td>
<td>33</td>
<td>20</td>
<td>69</td>
</tr>
</tbody>
</table>

**H STATISTICS = \( \frac{12}{22(22+1)} \left( \frac{73^2}{4} + \frac{33^2}{3} + \frac{20^2}{4} + \frac{69^2}{4} + \frac{14.5^2}{3} + \frac{43.5^2}{3} \right) - 3 \left( 22+1 \right) = 18.91 \)**

**Adjusted H = \( \frac{H}{C.F} = 18.91 / (1 - (6/(22^3 - 22))) = 18.91 / 0.9996 = 18.92 \)**

\( X^2_{0.05} \) for \( \nu = 5 = 11.07 \); Result: Reject \( H \) at 5% Significance level
we can conclude that the service area approach has led to the varied credit performance of the banks.

5.22 INTER-SECTORAL DIFFERENCE IN THE CREDIT PERFORMANCE OF THE BANKS

Service area approach not only aims at balanced performance of the banks but also aims at sectoral balance in their credit performance. Hence, to find the effect of service area approach on the sectoral balance in their credit performance, an analysis has been made using Kruskal - Wallis test for the periods before and after the introduction of service area approach. The result of the analysis has been presented in the table 5.38 and 5.39 respectively.

The H Statistic, presented in the last two rows of the table 5.38, indicates that there is no significant difference between the various sectors in the credit performance of the banks before the introduction of service area approach. In the same way, the results presented in the table 5.38 also reveals no sectoral difference in the credit performance of the banks after the introduction of the service area approach. From this it is evident that there was sectoral balance in the credit performance of the banks even before the introduction of the service area approach and the same balance remained undisturbed under the service area approach.

On the whole, the analysis of the credit performance of the banks under service area approach comes to the conclusion that under service area approach,
### TABLE 5.38

INTER-SECTORAL DIFFERENCE IN THE CREDIT PERFORMANCE OF THE BANKS BEFORE THE INTRODUCTION OF SERVICE AREA APPROACH (SAA) - KRUSKAL WALLIS TEST

<table>
<thead>
<tr>
<th>Bank</th>
<th>Agriculture</th>
<th>Agri-Allied</th>
<th>Small Business Manufacturing</th>
<th>Small Business Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance Score</td>
<td>Rank</td>
<td>Performance Score</td>
<td>Rank</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthi Nagar</td>
<td>167.25</td>
<td>19</td>
<td>94.45</td>
<td>12</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>30.35</td>
<td>4</td>
<td>11.41</td>
<td>2</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>66.51</td>
<td>9</td>
<td>78.44</td>
<td>11</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>51.26</td>
<td>7</td>
<td>156.76</td>
<td>18</td>
</tr>
<tr>
<td>5. Karur Vyaya Bank, Kovindapadi</td>
<td>36.97</td>
<td>5</td>
<td>75.95</td>
<td>10</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>176.10</td>
<td>20</td>
<td>104.28</td>
<td>15</td>
</tr>
</tbody>
</table>

**Rank Total**

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Agri-Allied</th>
<th>Small Business Manufacturing</th>
<th>Small Business Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>68</td>
<td>56</td>
<td>65</td>
</tr>
</tbody>
</table>

**H STATISTIC** = $[12/22(22+1)]((64^2/6 + 68^2/6 + 56^2/5 + 65^2/5) - 3(22+1)) = 0.38.$

**$X^2$ for v = 3 = 7.81.**

*Result: Accept $H_0$.*
### Table 5.39

**Inter-sectoral Difference in the Credit Performance of the Banks After the Introduction of Service Area Approach (S.A.A) - Kruskal-Wallis Test**

<table>
<thead>
<tr>
<th>Bank</th>
<th>Agriculture</th>
<th>Agri-Allied</th>
<th>Small-Business Manufacturing</th>
<th>Small-Business Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Performance Score</td>
<td>Rank</td>
<td>Performance Score</td>
<td>Rank</td>
</tr>
<tr>
<td>1. Canara Bank, Sakthi Nagar</td>
<td>203.28</td>
<td>19</td>
<td>139.60</td>
<td>18</td>
</tr>
<tr>
<td>2. State Bank of India, Bhavani</td>
<td>9.14</td>
<td>4</td>
<td>35.35</td>
<td>12</td>
</tr>
<tr>
<td>3. South Indian Bank, Bhavani</td>
<td>5.33</td>
<td>2</td>
<td>27.00</td>
<td>10</td>
</tr>
<tr>
<td>4. Canara Bank, Bhavani</td>
<td>41.85</td>
<td>14</td>
<td>38.23</td>
<td>13</td>
</tr>
<tr>
<td>5. Karur Vysya Bank, Kavindapadi</td>
<td>2.08</td>
<td>1</td>
<td>11.52</td>
<td>6</td>
</tr>
<tr>
<td>6. Indian Overseas Bank, Odathurai</td>
<td>111.70</td>
<td>16</td>
<td>22.24</td>
<td>9</td>
</tr>
<tr>
<td>Rank Total</td>
<td>56</td>
<td>68</td>
<td>50.5</td>
<td></td>
</tr>
</tbody>
</table>

H STATISTICS = \[\frac{12}{22(22+1)}(56^2/6 + 68^2/6 + 50.5^2/4 + 83.5^2/6) - 3(22+1) = 4.35\]

\[X^2_{0.05} \text{ for } v = 3 = 7.81.\]  

Result: Accept \( H_0 \)
there is greater concentration of the banks in their service area, only in the extension of productive credit. However, there is no change in the proportion of productive credit under the service area approach eventhough it remained fairly at a higher level. Similarly, there is no change in the proportion of credit made to the target group and to the priority sector under service area approach. There is inequitable distribution of IRDP and Non-IRDP credits between the various sectors of the economy which remained undisturbed under service area approach. However, there is common sectoral pattern of credit between different commercial banks under study which has sustained under service area approach. All the banks under study have realised the targeted sectoral pattern of credit both before and after the introduction of service area approach. No significant change in the credit performance of different banks under study in the extension of different types of credit has taken place under the impact of service area approach. But, there is distortion in the homogeneous credit performance of different banks under the impact of service area approach. However, the sectoral balance in the credit performance of the banks that existed before the introduction of service area approach remained undisturbed under service area approach.