

A Study on Priority Sector Lending by Kerala Gramin Bank with special reference to Agricultural Lending in Malappuram District, Kerala

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ABSTRACT

The policy on priority sectors lending assumed great significance after the nationalization of major banks. The policy has come to be regarded as one of the most important ones aiming at attaining the socio-economic goals. The principle objective of new schemes was to achieve a wide spread of bank credit avoiding concentration, and directing a large volume of credit flow to the hitherto neglected sectors.

In the context of the severe neglect by the banks of the credit requirements of the agricultural sectors the RBI take some thinking to bring agricultural sector in the main stream of the institutional credit. Since the govt. has accepted the planned development of our economy and banks play pivotal role for the development of our economy. They are the primary credit providers and the vehicles for promoting economic development in our country. Initially, priority sector was defined to include agriculture, SSI, and exports and each bank was given a target and the performance of bank in this regard was to be monitored continuously by the RBI. With the purpose of encouraging g banks to increase their priority sectors lending, the RBI took two concrete steps. One was to provide liberal finance facilities to the banks and the other was to introduce credit guarantee scheme as support measure for bank lending to the priority sectors.

Now a days the priority sector lending was given due importance. Every bank provides a certain percentage of their total outstanding to priority sector lending. For commercial banks 40% of their total outstanding advances should constitute priority sectors. For RRBs, priority sector advances should constitute 60% of their total outstanding advances It has been the last few decades that the priority sector lending was started by the banks in India, but it is essential to examine the extent of achievement of banks with regard to the priority sector lending. So it is with this background in mind that the present study titled "A study on priority sector lending by Kerala Gram Bank with special reference to Agricultural Lending in Malappuram district, Kerala" has been undertaken.

1. Introduction

The concept of priority sectors was evolved on the basis of what was considered to be hitherto, neglected sectors of the economy and it was formalized in 1972 in the light of the report submitted by Informal Study Group on statistics relating to advances to priority sectors constituted by Reserve Bank of India in may 1971. These neglected sectors were given due priority not because of their tremendous potential of employment generation and various other benefits they confer on weaker sections but also because of their significant contribution to the national income. Thus priority sectors include those areas of economic activities which are socially desirable but have been inadequately financed or wholly neglected by the commercial banks earlier. Because of this, the first RRBs were setup in 1975 to provide banking services to the rural masses and extending wide variety of financial assistance to the weaker and poorer sections of the rural society.

The policy on priority sectors lending assumed great significance after the nationalization of major banks. The policy has come to be regarded as one of the most important ones aiming at attaining the socio-economic goals. The principle objective of new schemes was to achieve a wide spread of bank credit avoiding concentration, and directing a large volume of credit flow to the hitherto neglected sectors.

In the context of the severe neglect by the banks of the credit requirements of the agricultural sectors the RBI take some thinking to bring agricultural sector in the main stream of the institutional credit. For this the banks have nationalized and National credit Council is set up, which give the initial indication that serious thinking was taking place in the RBI to lay down target for bank lending. The main task of credit council was to determine the priority for grant of loan and advances for investment having regard to the availability of resources and requirements of the priority sectors in particular, agriculture, small scale industry, and exports. Accordingly the credit council decided that bank should take up financing of agriculture and

small scale sectors urgently. Specific lending target were fixed for different sectors in terms of amount. This is the first attempt to encourage target oriented lending to priority sectors of the economy.

Initially, priority sector was defined to include agriculture, SSI, and exports and each bank was given a target and the performance of bank in this regard was to be monitored continuously by the RBI. With the purpose of encouraging g banks to increase their priority sectors lending, the RBI took two concrete steps. One was to provide liberal finance facilities to the banks and the other was to introduce credit guarantee scheme as support measure for bank lending to the priority sectors.

Now a days the priority sector lending was given due importance. Every bank provides a certain percentage of their total outstanding to priority sector lending. For commercial banks 40% of their total outstanding advances should constitute priority sectors. For RRBs, priority sector advances should constitute 60% of their total outstanding advances. With the overall targets, advances granted to weaker sections should constitute a minimum of 25%, that is, 10% Of total advances of commercial banks and 15% for RRBs. This study mainly focused on agricultural sector which form major part of priority sectors.

2. Need for the study

Since the govt. has accepted the planned development of our economy and banks play pivotal role for the development of our economy. They are the primary credit providers and the vehicles for promoting economic development in our country. It has been the last few decades that the priority sector lending was started by the banks in India, but it is essential to examine the extent of achievement of banks with regard to the priority sector lending. Though few studies on priority sector lending have been carried out with this regard, but no full-fledged study has been undertaken to review the role of regional rural banks in Kerala, with special reference to agricultural lending of Kerala Gramin Bank. Therefore, a study covering the aspects of priority sector lending, especially agricultural lending of Kerala Gramin Bank. So it is with this background in mind that the present study titled "A study on priority sector lending by Kerala Gram Bank with special reference to Agricultural Lending in Malappuram district, Kerala" has been undertaken.

3. Statement of the problem

The performance of any service institution is measured on the basis of the impact on service to the intended beneficiaries. In this respect the Kerala Gramin Bank could not deliver the expected benefits to the various intended sections of the society, due to various reasons such as, situational peculiarities and operational inefficiencies, etc. In rural areas most of the customers are illiterate. Due to illiteracy many people in rural areas are unaware about the facilities extended to them by the bank and various intermediaries make use of their ignorance as a chance to exploit them.

4. Objectives of the study

The study is based on the following objectives

1. To analyze the functions and structure of Kerala Gramin Bank.
2. To know whether the bank is succeeded in granting advance to agricultural farmers
3. To analyze the services provided by the Bank to the agricultural farmers.
4. To suggest appropriate measures for the improvement of services of the bank.

5. Methodology

The present study has been designed as descriptive and analytical based on both primary and secondary data.

5.1. Area of the study

The study is covered under four Taluks in Malappuram district, Kerala, namely Ernad Taluk, Perinthalmanna Taluk, Nilambur Taluk and Thiroorangadi Taluk.

5.2. Period of the study

The period of the study is limited to one year, from November 2015 to November 2016.

5.3. Primary data

Since most of the information is necessary to fulfill the objective of the study is not available from secondary source, the study mainly based on relevant primary data collected by visiting various branches of the bank and interviewing customers with a structured interview schedule.

5.4. Sample size and Design

For the purpose of studying customers including agricultural farmers the representative samples were drawn by using simple random sampling technique.

A simple random sample is a sample selected from a population in such a way that every member of the population has an equal chance of being selected and the selection of any individual does not influence the selection of any other. In this study all respondents are giving equal chance of being selected so the simple random sampling technique is used for this study.

The study is covered under four Taluks in Malappuram district, Kerala, namely Ernad Taluk, Perinthalmanna Taluk, Nilambur Taluk and Thiroorangadi Taluk. For this purpose, various branches of the bank are selected from these taluks on random basis. From the selected branches, a sample of 240 customers was selected. All types of customers were classified as Businessmen, Agriculturists, Artisans, and Government employees, Self-employed persons and other types of customers. In this except agriculturalists, all others are doing agriculture as a secondary occupation.

5.5. Method of Data Collection

To collect the required information from the respondents, undisguised personal interview method was followed. A well structured interview schedule is prepared for collecting primary data. The customers were asked various questions regarding their personal details, banking habits, education, income,

nature of house, household appliances, possession of vehicles, etc. in order to evaluate their economic condition, etc to analyze the relevant objectives of the study.

5.6. Analysis of Data

The focus of analysis of data has been on the service of Kerala Gramin Bank for the priority sector lending with special reference to agriculture. For this, the data collected were analyzed separately to ascertain the role of the bank for lending to priority sectors especially to agriculture. The interview schedule was designed in such a manner to know their overall improvement after becoming a customer of Kerala Gramin Bank.

6. Review of literature

The **SBI (1975)**¹, constituted a study team under Varshnaya to study the problems of sickness in Small Scale Industries. The study reveals that most of the SSI is sick because of inadequate working capital, lack of financial management, etc.

Inu Jain (1981)², have undertaken a study to evaluate the performance of Jammu Gramin Bank. On the basis of this study, they concluded that more importance should be given for the extension and strengthening of Regional Rural Banks rather than expansion of branches.

Bhat (1986)³, in his research work, reviewed the progress of priority sector financing by Commercial Banks in India between 1969 and 1978. He found that the lending to priority sectors are steadily increased during the study period. He examined certain problems relating to priority sector lending and suggested some changes in this concept.

Ravindran (1986)⁴, in his research work, analyzed problems of agricultural credit and recovery of NMGB. He found that the financial assistance for agricultural and allied activities had increased over the years. He also found that the bank was taking more interest for the upliftment of Scheduled Caste and Scheduled Tribes, this reduced the development of money lenders.

Chawla (1987)⁵, in his research work, analyzed the flow of credit to priority sector for the post nationalisation period up to 1983-84. He found that the lending to priority sectors is increased but there are some disparities among the districts in rural lending. He pointed various reasons for this and provided various suggestions for this like changing attitude towards rural areas, proper follow up and control systems, etc.

Malhotra and kulshetha (1987)⁶, in his article, examined the role of Commercial Banks in improving priority sectors of the society. He pointed out that Commercial Banks having wide network of branches in rural and backward areas for giving credit to weaker sections of the society. The researcher stated that after nationalization the Commercial Banks change their position and procedure to help the neglected areas of the society.

Bhatia and chawla (1988)⁷, in their research, examined the progress of Commercial Banks in Punjab with regard to priority sector lending. The study revealed that the aggregate lending to priority sector is increased during the study period compared to the other banks especially to agriculture, self employed and professionals, etc. the researcher suggested that more importance is given to priority sectors because they provide major contribution to our economic development.

Abdul Noorbasha and Jyothi (1989)⁸, in their research work, studied the financial management pattern of Chaitanya Gramin Bank, Tenali, Andhrapradesh. They found that most of the Regional Rural Banks were non viable. To improve the viability of Regional Rural Banks, they suggest that the Regional Rural Banks should lend to public sector bodies like Scheduled cast and Scheduled Tribes corporations, housing boards, village panchayaths etc.

Krishna and Balakrishna (1989)⁹, in their research work, found that there has been tremendous increase in the disbursement of loan to agriculture and allied activities by Regional Rural Banks.

Shette (1990)¹⁰, in his research work, studied the overdue problems of Regional Rural Banks. He suggested that the Regional Rural Banks should be consolidated rather than expanding it.

7. Data analysis and interpretation

7.1. Nature of investment

It is one of the indicator to analyze whether the bank is succeeded in granting loans to the indented beneficiaries. The following table shows the nature of investment of farming of respondents.

Table - 1
Nature of investment

Taluk	Owned	%	Credit	%	Total
Ernad	18	29.03	42	23.60	60
Perinthalmanna	11	17.74	49	27.53	60
Nilambur	17	27.42	43	24.16	60
Thiroorangadi	16	25.81	44	24.72	60
Total	62	100.00	178	100.00	240
Percentage	25.83		74.17		100

Chi- square value is 2.5227, df=3, p-value is 0.471211

Source: survey data

Interpretation

H_0 : There is no significant difference between nature of investment and taluks of their residence.

H_1 : There is significant difference between nature of investment and taluks of their residence.

From the above table, it is observed that the calculated value of chi- square is 2.5227, df=3, p- value is 0.471211, since $p < 0.05$, the association between nature of investment and the taluks of their residence is not significant. So from this we can conclude that most of the customers are depending credit from the financial institutions for their investment.

7.2. Difficulty experienced in receiving loan amount

It is another indicator to analyze whether the bank is succeeded in granting loans to the indented beneficiaries. The

following table shows the difficulties faced by the farmers when receiving the loan.

Table – 2
Difficulty experienced in receiving loan amount

Taluk	Not experienced any difficulty	%	Experienced difficulty	%	Total
Ernad	24	20.87	36	28.8	60
Perinthalmanna	38	33.04	22	17.6	60
Nilambur	21	18.26	39	31.2	60
Thiroorangadi	32	27.83	28	22.4	60
Total	115	47.92	125	52.08	240

Chi- square value is 11.9374, df=3,p-value is 0.007601

Source: survey data

Interpretation

H_0 : There is no significant difference between difficulties experienced in receiving loan and taluks of their residence.

H_1 : There is significant difference between difficulties experienced in receiving loan and taluks of their residence.

From the above table, it is observed that the calculated value of chi- square is 11.93744,df=3, p- value is 0.007601, since $p < 0.05$, the association between difficulty experienced in

receiving loan and the taluks of their residence is significant. So it concludes that half of customers facing difficulty in receiving loan. So from this respect, the bank is succeeded only on an average

7.3. Attitude towards the repayment period of loan

It is another indicator to analyze whether the bank is succeeded in granting loans to the indented beneficiaries.

Table - 3
Attitude towards the repayment period of loan

Taluk	Very convenient	%	Convenient	%	Not convenient	%	No opinion	%	Total
Ernad	24	33.80	29	23.02	5	17.9	2	13.33	60
Perinthalmanna	17	23.94	31	24.60	8	28.6	4	26.67	60
Nilambur	20	28.17	30	23.81	7	25	3	20.00	60
Thiroorangadi	10	14.08	36	28.57	8	28.6	6	40.00	60
Total	71	100	126	100	28	100	15	100	240
Percentage	29.58		52.50		11.67		6.25		100

Chi- square value is 10.0125, df=9,p-value is 0.349473

Source: survey data

Interpretation

H_0 : There is no significant difference between attitude towards the repayment period of loan and taluks of their residence.

H_1 : There is significant difference between attitude towards the repayment period of loan and taluks of their residence.

From the above table, it is observed that the calculated value of chi- square is 10.0125,df=9, p- value is 0.349473, since $p < 0.05$, the association between the repayment period of

loan and the taluks of their residence is not significant. So we can conclude that the bank is succeeded in granting loans to agricultural farmers, because around 53% agree that the banks repayment period is convenient. So in this respect the bank is succeeded in granting loans to these sectors

7.4. Adequacy of loan for sanctioned purpose

It is another indicator to analyze whether the bank is succeeded in granting loans to the indented beneficiaries. The following table shows the adequacy of loan for the sanctioned purpose.

Table - 4
Adequacy of loan for sanctioned purpose

Taluk	Adequate	%	Not adequate	%	Total
Ernad	50	23.70	10	34.48	60
Perinthalmanna	49	23.22	11	37.93	60

Nilambur	55	26.07	5	17.24	60
Thiroorangadi	57	27.01	3	10.34	60
Total	211	100.00	29	100.00	240
Percentage	87.917		12.08		100

Chi- square value is 7.0208,df=3, p-value is 0.071239

Source: survey data

Interpretation

H_0 : There is no significant difference between adequacy of loan for sanctioned purpose and taluks of their residence.

H_1 : There is significant difference between adequacy of loan for sanctioned purpose and taluks of their residence.

From the above table, it is observed that the calculated value of chi- square is 7.0208,df=3, p- value is 0.071239, since $p < 0.05$, the association between adequacy of loan for the sanctioned purpose and the taluks of their residence is not significant. So, from this we can conclude that the bank is succeeded in granting loans to agricultural farmers in this respect, because around 90% agree it is sufficient for the mentioned purpose between the income generated from the project and the taluks of their residence is not significant. So by analyzing this majority of farmers is cannot give the installment regularly because the income generated is not sufficient to repay this. So we can conclude that the bank is not succeeded from this respect.

7.5. Reasons for delay in installment

It is another indicator to analyze whether the bank is succeeded in granting loans to the indented beneficiaries. The following table shows the reasons for the delay in making installment.

Table - 5
Reasons for delay in installment

Correlation between taluks	Correlated value
Ernad and Perinthalmanna	0.98
Ernad and nilambur	0.93
Ernad and Thiroorangadi	0.98
Perinthalmanna and Nilamburi	0.94
Perinthalmanna and Thiroorangadi	0.95
Nilambur and Thiroorangadi	0.97

Source: survey data

Interpretation

From this we can conclude that the taluks are highly correlated the reasons for making delay in paying installment .Majority of customers making default in paying installment like uneasy installment, fall in product price, increase in cost etc

7.6. Elimination of dependence of money lenders

The elimination of dependence of money lenders is an important indicator to analyze whether the bank is succeeded in providing quality services to the indented beneficiaries. The following table shows the elimination of dependence of money lenders.

Table - 6
Elimination of dependence of money lenders

Taluk	Eliminated	%	Not eliminated	%	Total
Ernad	31	21.23	29	30.85	60
Perinthalmanna	36	24.66	24	25.53	60
Nilambur	39	26.71	21	22.34	60
Thiroorangadi	40	27.4	20	21.3	60
Total	146	60.83	94	39.17	240

Chi- square value is 3.4276,df=3, p-value is 0.330278

Source: Survey data

Interpretation

H_0 : There is no significant difference between elimination of dependence of money lenders and taluks of their residence.

H_1 : There is significant difference between elimination of dependence of money lenders and taluks of their residence.

From the above table, it is observed that the calculated value of chi- square is 3.4276, df=3,p- value is 0.330278, since

$p < 0.05$, the association between the elimination of dependence of money lenders and the taluks of their residence is not significant

8. Findings

- The survey revealed that out of the total respondents 10 per cent are illiterate, 16.30 per cent below X standard, 20per cent X standard, 25 per cent Degree,

10 per cent P.G 9 per cent Technical and 3.8 per cent are having Professional Educational Qualifications.

- With regard to occupation of respondents, 28.3per cent are engaged in agriculture, 17.1per cent business, 11.7per cent Government employee, 11 per cent Professional, 26 per cent self employed and 6 per cent in other activities. The study reveals that only 28.3 per cent have agriculture is a primary occupation and the others are doing agricultural activities as a secondary source.
- With respect to annual income 20 per cent are having an annual Income below rupees 10,000, 32.08 per cent are in the income group of Rs. 10,000- 2 0,000, 27.5 per cent between Rs. 20,000- 30,000, 12.8 per cent have an annual income of Rs. 30000-40,000, and 8.33 percent are in the income group of above Rs. 40,000. The study reveals that 91.67 per cent respondents are having an annual income below rupees 40,000.
- With regard to nature of family 60.5 per cent are in nuclear family system and 39.6 per cent in joint family system. The study reveals that most of the respondents are coming under nuclear family system.
- The study further reveals that 68.75 per cent of the respondents are having their own houses and 31.25 per cent living in rented houses.
- With respect to possession of household appliances of respondents, it is observed that 52.5 per cent of the respondents are possessing home appliances 25.83 per cent have telephone facility 8.33per cent have motor vehicle.
- With regard to duration of customer ship in the bank, 42.5 per cent of respondents are dealing with the bank upto 5 years 30per cent up to 10 years 19.17 per cent up to 20 years and 8.33 per cent in more than 20 years. The study reveals that most of the customers are 10 years of banking habit with the bank.
- With regard to the nature of farming 35.42 per cent are agricultural farmers 7.92 per cent are cultivating plantations 12.92 per cent doing horticulture 17.5 per cent poultry farmers 13.75 per cent are dairy farmers 5 per cent are fisheries and 7.5 per cent are other types of farmers.
- With regard to nature of investment 25.83 per cent of investing their own funds and 74.17 per cent of depending on credit. The study reveals that most of the farmers are depending credits for investing to their farming.
- With regard to pattern of investment 37.5 per cent depending for credit to Gramin bank 23.33 per cent depending other banks 17.92 per cent depending money lenders and 17.92 depending other sources for their investment. The study reveals that most of the farmers depending financial institutions for their investment in only 37.5 per cent is depending the Gramin bank for their investment.
- With regard to difficulty experienced in receiving loan amount 47.92 per cent opined not experienced any difficulty 52.08 opined faced difficulty. The study reveals that half of the customers facing difficulty in receiving the loan amount.
- With regard to the various reasons for difficulties faced in receiving the loan amount 25 per cent opined in sufficient funds 39.17 per cent opined indifference of bank staff 15 per cent opined delay in scrutinizing loan application 11.25 per cent opined delay in submission of enquiry reports 5 per cent opined delay in re submitting the application form and 4.58 per cent have various other reasons.
- With regard to interest rate charged by the bank 9.17 per cent opined it is very high 26.25 per cent opined it is high 13.33 per cent opined it is low 5 per cent opined it is very low 45.83 per cent opined it is only a average. The study reveals that most of the respondents opined it is affordable to them.
- With regard to the repayment period of loan 29.58 per cent opined it is very convenient to them 52.5 per cent opined it is convenient to them 11.67 opined it is not convenient to them and 6.25 per cent have no opinion about this. The study reveals that majority of the respondents are convenient about the repayment period of loan.
- With regard to time period taken for loan 17.5 per cent opined it takes less than one week 18.75 per cent opined it takes up to two weeks 25.83 per cent opined it takes up to three weeks and 37.92 per cent opined it takes more than three weeks. The study reveals that the bank takes more time to sanctioning the loan.
- With regard to the adequacy of loan for the sanctioned purpose 87.92 per cent opined it is adequate to them 12.08 per cent opined it is not adequate to them. The study reveals that loan sanctioned is adequate for the purpose of the respondents.
- With regard to the extent of utilization of loan 80.83 per cent opined the loan amount is fuuly utilized for their purpose and 19.17 per cent have no opinion about this. The study reveals that most of the respondents utilized the loan for their project.
- The study reveals that 32.08 per cent of respondents income generated is sufficient to repay the installment 67.92 per cent income is not sufficient to repay the installment.
- The study reveals that 30.83 per cent paying the installment regularly 69.17 per cent not pay the installment regularly because of various reasons such as uneasy installment, fall in product price, increase in cost, etc.
- While analyzing the service of Kerala Gramin Bank the location of bank is convenient to them only 20.83 per cent opined it is not convenient to them. The study reveals that majority of respondents are satisfied about the location of bank.
- With regard to the procedure of bank 12.08 opined it is very simple to them 25.42 per cent opined it is simple to them 11.25 per cent opined it is very difficult 14.17 per cent opined it is difficult to them 35.83 per cent opined it is only an average. The study reveals that majority of respondents are satisfied with the procedure of the bank.
- The study reveals that 71.25 per cent are opined the banks employees are cordial and co-operative 15.42

per cent opined they are indifferent and unhelpful 10 per cent opined they are humiliating.

- With regard to the facilities of the bank 12.08 per cent opined it is very simple 25.42 per cent opined it is good 11.25 per cent opined it is satisfactory 14.17 per cent opined it is bad 35.83 per cent opined they have no opinion about this. The study reveals that the respondents are satisfied with the facilities of the bank only on an average.
- With regard to the visiting of farm by bank officials 20.83 per cent opined bank officials visiting their farm and the rest opined no one visiting their farm.
- With regard to the attitude of customers towards the bank 17.5 per cent opined it is very good to them 30 per cent opined it is good 45.83 per cent opined it is satisfactory. The study reveals that most of the respondents are satisfied with the bank.
- The study further reveals that 60.83 per cent opined the banks service is reduced the dependence of money lenders.

From the study, we can conclude that the bank is succeeded in granting credit and availing quality services to the weaker sections of the society. It is the only one Regional Rural Bank in Kerala established for the development of the weaker sections of the Kerala like agriculture, artisans, small business, self help groups, self employed persons, etc.

9. Suggestions

- Loan scheme should be introduced for purchase of land for agricultural purposes. Security and margin norms for agricultural loans may be relaxed. Period of agricultural loans should be extended considering the present fall in prices of agricultural produces.
- Interest on default should be reduced. In order to safeguard the interest of agriculturist from the present crisis, relaxation in payment of interest should also be given in consultation with sponsor bank, NABARD, central and state governments.
- Start more branches at busy business centers for the sake of customers. Certain branches may be shifted to more service required places as their area of operation is very small. The bank may also open evening branches in selected towns for the convenience of farmers and small traders
- The bank should give more concentration to providing rural based loans. The bank may also give top priority for service sector lending considering its present importance. New avenues in service sector may be identified and encouraged.
- The bank should provide more DRI (Differential Rate of Interest) loan for the benefit of poorest of the poor people
- By appointing more staff, more small loans should be provided. This will enable more people to obtain the service of the bank and reduce NPA of the bank as NPAs are less in small loans. The necessary professional skills also to be imparted to personal holding key positions for the sake of illiterate poor people.

- The discretionary power of branch managers should be enhanced so as to determine the amount of loan, purpose of loan, securities, introduction of viable schemes and to charge commissions on DD, which have great impact on customer services.
- Systems and procedures of the bank to be restructured keeping an eye on ground realities. In case of small loans, a time schedule of 2 to 3 days should be kept in loan disposal. The bank may minimise the time required to sanction big loan also.
- The bank should see that the loans are utilized only for the purpose for which it is sanctioned.
- Role of the bank in the people's plan is scanty. The bank should participate more in government oriented programs. This will facilitate to give more services and schemes to people.
- In the case of subsidy loan, subsidy should be credited to loan account at the time of receiving subsidy from the government, without waiting for closure of loan account. This will reduce the interest burden of beneficiaries.
- The various loan schemes of the bank should be exhibited on the notice board of all branches. More publicity about Kerala Gramin Bank, their deposit schemes and various loan schemes should be given through newspapers and other electronic medias. Farmers meet, Traders meet, Customers meet, and other social activities should be conducted in all branches. Special camps to illiterate people for giving awareness about loan schemes also to be conducted. All this will help the poor people more to receive the bank's service.

Most of the suggestions put forwarded warrant long term study and require permission of sponsor bank, central and state governments before their implementation. However, a few of them could be implemented straight away without much financial commitment

10. Conclusion

The priority sectors due importance today because the significant contribution to the national income. This policy has emerged after the nationalization of the bank on 19th July 1969 as a major directed credit programme to the neglected key sectors of the economy. The policy had a very positive impact on the channelizing of credit to neglected sectors of the economy. Various attempts are made to broaden the norms of priority sectors lending and monitoring its performance. As a result the percentage of credit channelized to priority sectors of the economy is increasing day by day. In this study we attempted to find out the lending of Kerala Gramin Bank to the priority sectors especially to agriculture. From the study we can conclude that the bank is succeeded in granting credit and availing quality services to the weaker sections of the society. It is the only one Regional Rural Bank in Kerala established for the development of the weaker sections of the Kerala like agriculture, artisans, small business, self help groups, self employed persons, etc.

The present study highlights whether the bank is succeeded in granting advances to the priority sector especially to agriculture. Such a study has not been made so far. It is

rather an exploratory peep. There is ample scope for further research on various aspects of Kerala Gramin Bank. The performance of Kerala Gramin Bank is fairly satisfactory, when compared to other RRBS. The reason for the losses incurred by other RRBS is to be studied and compared with the performance of Kerala Gramin Bank. The NPA of Kerala Gramin Bank is gradually increasing. The reason for this, whether the change in proportion of advance to priority and non-priority sector or other reasons is to be studied. The impact of liberalisation and globalization on small scale and cottage industries is also to be explored.

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