

Statewise Priority Sector Lending in India

Dr Najmi Shabbir

Abstract:

This paper mainly analyses a Statewise distribution of PSA in all the States and Union Territories, this has been done for four points of time namely 1996-97, 2000-01, 2006-07 and 2011-12. Thus how the performance of the States has been changing has also been revealed. In the sector-wise lending in different states we are taking three broad categories that is Agriculture, SSIs and others (inclusive of sectors other than Agriculture and SSIs).

Although as per RBI stipulations PSA should be 40 percent of bank Credit, but this was not uniformly distributed. In some parts of the country the advances to priority sector is above the required level of 40 percent while in some other parts of the Country, it is less than the required level.

Key words:

Priority Sector Advances (PSA), Agriculture, Small Scale Industries, RBI

Introduction:

Interstate comparison of PSL over a period of time from 1996-97 to 2011-12 in terms of growth and percentage share has been given in table 1 and table 2 respectively.

As can be seen from table 1 , the amount of PSA to the Southern region has been highest at all points of time followed by the Western region and the Northern Region, the PSA to the Eastern Region has been lowest at all the four selected points of time. As far as the Southern Region is concerned, Tamil Nadu accounts for the highest PSA, but the growth rate of the amount of PSA between 1996 to 2002 has been higher in Andhra Pradesh, Karnataka, and Pondicherry at 16 percent, whereas Tamil Nadu accounted for a growth rate of only 12 percent during the same period.

Table 1 : Statewise Amount and Growth Rate of Priority Sector Advances

	1996-97 (Rs crore)	2001-02 (Rs crore)	Growth Rate %	2006-07 (Rs crore)	Growth rate %	2011-12 (Rs crore)	Growth rate %
1	2	3	4	5	6	7	8
States	PSA	PSA		PSA		PSA	
Northern Region	17140	44022	21	148131	27	264144	12
Delhi	5047	15345	25	56502	30	83433	8
Punjab	4810	10203	16	30224	24	58396	14
Haryana	2542	6650	21	19345	24	41468	16
Chandigarh	530	1501	23	8659	42	15836	13
Jammu & Kashmir	573	1371	19	3426	20	9056	21
Himachal Pradesh	489	1003	15	3938	31	8495	17
Rajasthan	3149	7949	20	26037	27	47461	13
North Eastern region	1475	1839	5	6036	27	12515	16
Assam	1095	1320	4	3977	25	8476	16
Meghalaya	50	108	17	521	37	1002	14
Mizoram	19	45	19	267	43	690	21
Arunachal Pradesh	20	49	20	129	21	339	21
Nagaland	72	66	-2	246	30	470	14
Manipur	96	85	-2	410	37	626	9
Tripura	123	166	6	486	24	912	13
Eastern Region	10326	18135	12	62523	28	123611	15
Bihar	2996	3515	3	9549	22	16841	12
Jharkhand	N.A.	1335		5661	34	12862	18
West Bengal	5385	9461	12	34253	29	66874	14

	1996-97 (Rs crore)	2001-02 (Rs crore)	Growth Rate %	2006-07 (Rs crore)	Growth rate %	2011-12 (Rs crore)	Growth rate %
1	2	3	4	5	6	7	8
Orissa	1911	3631	14	12489	28	26016	16
Sikkim	18	145	52	446	25	675	9
Andaman & Nicobar	16	49	25	125	21	344	22
Central Region	12031	23867	15	80875	28	153038	14
Uttar Pradesh	7766	15200	14	47199	25	84946	12
Uttarakhand	N.A.	N.A		4602		10874	19
Madhya Pradesh	4266	7554	12	23130	25	42452	13
Chhattisgarh	N.A.	1114		5943	40	14765	20
Western Region	21496	52001	19	179336	28	336993	13
Gujarat	5054	9305	13	31276	27	74356	19
Maharashtra	16117	41897	21	145988	28	258106	12
Daman & Diu	18	20	2	68	28	228	27
Goa	296	756	21	1942	21	4100	16
Dadra and Nagar Haveli	11	23	16	61	22	203	27
Southern Region	31458	60790	14	223138	30	447033	15
Andhra Pradesh	7815	16605	16	59915	29	130940	17
Karnataka	7185	15044	16	53616	29	91856	11
Lakshadweep	4	8	15	20	20	18	-2
Tamil Nadu	11467	20238	12	73391	29	156088	16
Kerala	4870	8650	12	35283	32	66139	13
Pondicherry	116	245	16	913	30	1991	17
All India	93927	200654	16	700038	28	1337333	14

Source: See Appendix Table 6.1, 6.2, 6.3, 6.4.

Between 2001 to 2007 Kerala accounted for the highest growth rate of 32 percent followed by Pondicherry at 30 percent and Andhra Pradesh, Karnataka, and Tamil Nadu at 29 percent each. Between 2006 to 2012 there has been a deceleration in the growth rate across the board in all the States of the region. Andhra Pradesh and Pondicherry accounted for highest growth rate of 17 percent each during this period.

In the Western Region Maharashtra accounts for highest PSA at all the points of time and its growth rate is also found to be highest during 1996 to 2002 and 2002 to 2007. At the last point of time again a deceleration in the growth rate has been witnessed in all the States falling in this region. However the growth rate during 2006 to 2012 has been found to be highest in Daman and Diu and Dadra and Nagar Haveli. In the Northern Region Delhi accounts for largest amount of PSA at all the four selected points of time, the growth rate in the amount of PSA during 1996 to 2002 also has been found to be highest in this State. Between 2001 to 2007, Chandigarh accounts for highest growth rate of 42 percent. The growth rate between 2006 to 2012 has witnessed a decline, for all the States in this region also. Jammu and Kashmir accounts for the highest growth rate in the amount of PSA (21 percent) during this period.

In the Central Region U.P. accounts for highest dispersal of PSA at all the four selected points of time. In the Central region two new states namely Uttar Pradesh and Chhattisgarh were carved out from U.P and M.P respectively on 9th Nov 2000 and on 1st Nov 2000, so at present the Central region comprises four states of U.P, M.P, Uttarakhand and Chhattisgarh. However in 1996 i.e. the first selected point of time of our study only the State of U.P and M.P existed in this region. However the amount of PSA has been found to be highest at the four selected points of time. The growth rate in PSA during 1996 to 2002 was found to be higher in U.P as compared to M.P. Between 2001 to 2006 and 2006 to 2012 the growth rate of PSA has been found to be highest in Chhattisgarh, however there has been a decline in the growth rate in all the states of the region between 2006 to 2012.

In the Eastern Region, one new state of Jharkhand was carved out of Bihar on 15 Nov 2000. West Bengal accounts for highest PSA at all the four selected points of time. As far as the growth rate between the selected time periods is concerned, Sikkim accounts for highest growth rate of PSA during 1996 to 2002; Jharkhand accounts for highest growth rate between 2001 to 2007 and Andaman and Nicobar Island accounts for highest growth rate between 2006 to 2012. As in case of other regions there has been a decline in growth rate for the last selected time period.

Finally the North Eastern Region comprises the states which are most deprived among all the states in the country, as far as the PSA are concerned excepting for Assam all other states account for low PSA. Arunachal Pradesh is found to be experiencing higher growth rate in the PSA between 1996 to 2002 and between 2006 to 2012. Mizoram is witnessing a higher growth rate of 43 percent in the PSA between 2001 to 2007.

From this analysis following facts emerge, the PSA have witnessed a deceleration in the growth rate between 2006 to 2012, across the board in all the states of the country. As has been indicated already there are two reasons for this (I) Worldwide recession in the financial sector from September 2007 onwards, and (II) increased NPAs in the Sector has forced the bankers to cut down the advances to this sector, in wake of the prudential norms and to enhance the productivity levels. Second fact which emerges from this analysis is that the growth rates in the largest states having higher amount of PSA is not always high this is but obvious as the base is already high the growth during different years is bound to be depressed in comparison to the smaller states where base is low (table 1)

Priority Sector lending in different years among different States of the country has been given in Table 2

Table 2 : Statewise Priority Sector Lending in Bank Credit in Different Years

States	1996-97	2001-02	2006-07	2011-12
Northern region	30	31	46	27
Delhi	16	18	31	15
Punjab	58	56	73	49
Haryana	65	81	68	45
Chandigarh	10	21	58	32
Jammu & Kashmir	38	35	40	60
Himachal Pradesh	64	60	69	65
Rajasthan	60	60	68	41
North Eastern region	70	43	46	40
Assam	70	41	45	40
Meghalaya	53	39	42	43
Mizoram	74	45	54	61
Arunachal Pradesh	60	47	35	28
Nagaland	71	54	56	35
Manipur	80	51	67	54
Tripura	79	47	45	33
Eastern Region	41	39	53	39
Bihar	59	62	68	49
Jharkhand		31	53	48
West Bengal	32	31	47	34
Orissa	65	58	59	49
Sikkim	44	151	76	54
Andaman & Nicobar	64	68	52	51
Central Region	57	55	71	52
Uttar Pradesh	61	62	74	52
Uttarakhand	N.A	N.A	76	63
Madhya Pradesh	51	53	69	51
Chhattisgarh		38	58	49
Western Region	26	29	32	24
Gujarat	38	35	53	43
Maharashtra	24	28	29	22
Daman & Diu	47	35	74	65
Goa	35	45	52	44
Dadra & Nagar Haveli	92	62	28	47
Southern Region	45	42	57	41
Andhra Pradesh	47	48	62	41

Karnataka	47	46	52	36
Lakshadweep	132	156	132	42
Tamil Nadu	39	35	52	40
Kerala	56	44	72	54
Pondicherry	38	45	63	47
All India	37	36	46	33

Source: RBI, Statistical Tables Relating to Banks in India, Various issues

Out of the six regions into which the Country as a whole is divided, the North Eastern Region accounts for the highest percentage of PSA to Bank Credit in 1996-97, and after that there has been some decline in this percentage and the Central region occupied the first position in terms of percentage of PSA to Bank Credit from 2001 to 2012. In North Eastern Region the highest percentage was at 80 percent in Manipur and lowest at 53 percent in Meghalaya.

The Southern Region occupies the second highest position in terms of percentage of PSA to Bank credit. In this region the highest percentage was in Lakshadweep but both the amount of PSA and Bank credit was low in Lakshadweep, since the base was low, percentage is coming to be high in Lakshadweep.

The Eastern region occupies the third position as far as the percentage of PSA to Bank Credit is concerned. In this region, the highest percentage was in Sikkim and lowest was in West Bengal. But the amount of PSA was high in West Bengal, this is due to the fact that in West Bengal both the amount of PSA and Bank Credit was high, since the base was high, percentage is coming to be low in West Bengal.

The Northern region follows the Eastern region in terms of percentage of PSA to Bank Credit is concerned. In this region the percentage was highest in Haryana and lowest in Delhi. In Delhi both the amount of PSA and Bank

Credit was high, since the base was high, percentage is coming to be low in Delhi.

The last region in terms of percentage of PSA to Bank Credit is concerned was the Western Region. In this region percentage remain highest in Daman and Diu and Dadra and Nagar Haveli and lowest in Maharashtra, but the amount of PSA and of Bank Credit was high in Maharashtra and low in Daman and Diu, this contradiction was due to the fact that in Maharashtra both the amount of PSA and Bank Credit was high, since the base was high, percentage is coming to be low in Maharashtra and the reverse has happened in Daman and Diu and Dadra and Nagar Haveli.

In states such as Assam, Arunachal Pradesh, Tripura, Orissa, Uttarakhand the percentage of PSA to total Bank credit has continuously decreased from 1996-97 to 2011-12, while in Delhi, Chandigarh, Rajasthan, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Gujarat, Maharashtra, Goa, Andhra Pradesh, Kerala and Pondicherry the percentage to bank Credit has first increased and then decreased in 2011-12. In Dadra and Nagar Haveli percentage of PSA to Bank credit has decreased from 92 percent in 1996-97 to 28 percent in 2006-07 but increased to 47 percent in 2011-12 (Table 2).

As can be seen from table 2 that percentage of Priority Sector Advances to Bank credit has decreased in 2011-12, as compared to other years in almost all the states of the country.

2. Sector wise Priority Sector Lending in Different States

In the sector-wise lending we are taking three broad categories that is Agriculture, SSIs and others (inclusive of sectors other than Agriculture and SSIs).

2.1 Agriculture

According to RBI stipulation, PSA for Agriculture should be of 18 percent of NBC and that should be reached by March 1990. Before this, it was 16 percent and 17 percent to be reached by March 1987 and 1989 respectively. It means that now SCBs should achieve 45 percent of total PSA for Agriculture sector from March 1990. Major changes in various states are highlighted.

Interstate comparison of Agriculture lending within the priority sector over a period of time from 1996-97 to 2011-12 in terms of growth and percentage share has been given in table 3 and table 4 respectively.

Among the six regions into which the country as a whole is divided, the Southern region accounts for the highest PSA to the Agriculture sector at all the selected points of time. In this region four states namely Andhra Pradesh, Karnataka, Tamil Nadu and Kerala have got a robust agriculture sector with diversification of agriculture sector through commercialisation of agriculture. Tamil Nadu, Karnataka and Andhra Pradesh accounts for high PSL to this sector. In terms of the growth in the PSA to this sector, the region has witnessed considerable growth rate in the PSA between 2001-02 to 2011-12.

Table 3 : Statewise Amount and Growth Rate of Agriculture Advances

	1996-97 (Rs crore)	2001-02 (Rs crore)	Growth Rate %	2006-07 (Rs crore)	Growth Rate %	2011-12 (Rs crore)	Growth Rate %
States	Agriculture	Agriculture	1997 to 2002	Agriculture	2002-2007	Agriculture	2007 -2012
Northern region	5308	14458	22	61279	33	113310	13
Delhi	512	2799	40	19960	48	25669	5
Punjab	1987	4281	17	13239	25	29678	18
Haryana	1024	2274	17	8818	31	21317	19
Chandigarh	232	935	32	4789	39	9405	14
Jammu & Kashmir	120	302	20	778	21	1907	20
Himachal Pradesh	125	254	15	1303	39	2524	14
Rajasthan	1308	3614	23	12391	28	22811	13
North Eastern region	549	447	-4	1338	25	3777	23
Assam	429	312	-6	887	23	2410	22
Meghalaya	15	13	-3	131	59	335	21
Mizoram	4	6	8	34	41	155	35
Arunachal Pradesh	9	19	16	32	11	102	26
Nagaland	28	20	-7	57	23	176	25
Manipur	17	15	-2	72	37	279	31
Tripura	47	61	5	124	15	320	21
Eastern Region	3217	5947	13	20049	28	43755	17
Bihar	1057	1379	5	4311	26	9276	17
Jharkhand	NA	264		1560	43	2582	11
West Bengal	1518	3319	17	10915	27	20973	14
Orissa	629	950	9	3204	28	10835	28
Sikkim	7	29	33	50	12	65	5

	1996-97 (Rs crore)	2001-02 (Rs crore)	Growth Rate %	2006-07 (Rs crore)	Growth Rate %	2011-12 (Rs crore)	Growth Rate %
States	Agriculture	Agriculture	1997 to 2002	Agriculture	2002-2007	Agriculture	2007 -2012
Andaman & Nicobar	6	6	0	9	8	25	23
Central Region	4770	10599	17	37439	29	77111	16
Uttar Pradesh	2773	6814	20	22759	27	43477	14
Uttarakhand	N.A.	196	-	1632	53	4177	21
Madhya Pradesh	1997	3284	10	10905	27	22880	16
Chhattisgarh	N.A.	305	-	2143	48	6576	25
Western Region	5377	12131	18	48626	32	81366	11
Gujarat	1713	3372	15	11306	27	26106	18
Maharashtra	3587	8686	19	37117	34	54577	8
Daman & Diu	1	1	0	1	0	5	38
Goa	75	71	-1	197	23	667	28
Dadra & Nagar Haveli	1	1	0	5	38	12	19
Southern Region	13213	21236	10	85961	32	187857	17
Andhra Pradesh	4116	6830	11	26611	31	66293	20
Karnataka	2984	5541	13	20347	30	34770	11
Lakshadweep	N.A.	1	-	2	15	3	8
Tamil Nadu	4358	6206	7	27402	35	61203	17
Kerala	1701	2548	8	11329	35	24871	17
Pondicherry	53	111	16	272	20	717	21
All India	32434	64819	15	254692	31	507176	15

Source: See Appendix Table 6.5, 6.6, 6.7, 6.8

However as already observed earlier for the total PSA, the share of the agriculture sector in these advances has also gone down during 2006 to 2012. This decline in the growth rate of PSA to the agriculture sector during the last selected two points of time has been across the board in all the states, irrespective of their region.

The Northern region accounts for the second highest position in terms of amount of PSA to the agriculture sector. The economies of Punjab, Haryana, Chandigarh and Himachal Pradesh are agrarian and larger portion of the labour force is dependent on this sector. Punjab has the highest PSA to the agriculture sector at all the selected points of time followed by Rajasthan, Delhi, Haryana, Chandigarh and Himachal Pradesh. However in 2006-07 this amount was found to be highest in Delhi as far as the growth rate in PSA to agriculture between the selected points of time is concerned. Delhi has witnessed the highest growth rate, with the exception of 2011-12 where the growth rate is found to be highest in Jammu and Kashmir.

The Western Region occupies the third place as far as the distribution of PSA to the agriculture sector is concerned. Gujarat and Maharashtra, these two states are developed both in agriculture and industry; agriculture is diversified and has high productivity due to the use of advanced technology (table 3)

The Central region follows the Western region as far as the advances in agriculture sector are concerned. Uttar Pradesh and Madhya Pradesh are the two main states in this region. These states are mainly agrarian and a large population is dependent on agriculture. The growth rates between the selected points of time, revealed that the Uttarakhand and Chhattisgarh, the two new states carved out of Uttar Pradesh and Madhya Pradesh respectively in the year 2000, accounts for the higher growth rates in comparison to the Parent states. This is indicative of the fact that Uttarakhand and Chhattisgarh are the faster growing states leaving their parent States far behind.

The last two regions in terms of amount of PSA are the Eastern region and the North Eastern region respectively. West Bengal and Bihar account for the largest amount of PSA to the agricultural sector in this region. However, Jharkhand and Orissa are experiencing a high growth rates over the selected points of time. This high growth rates might be ascribed to low level of PSA in the initial years in these two States.

In the North Eastern region, Assam is the only state which has high level of PSA to the agriculture sector almost 69 percent of its population is engaged in agriculture, growth rates are found to be high in Arunachal Pradesh, Meghalaya and Mizoram mainly due to the base effects (Table 3)

Interstate comparison of lending to Agriculture sector within the Priority sector reveals that over the period of time from 1996-97 to 2011-12 some states had not achieved the 18 percent target of Bank credit to Agriculture sector they were Delhi, Jammu and Kashmir, Assam, Meghalaya, Mizoram, Nagaland, West Bengal, Gujarat, Maharashtra, Daman and Diu, Goa, Lakshadweep, Pondicherry, Andaman and Nicobar, Jharkhand, Tripura (table 4)

Inter State Comparison between all the states of lending to Agriculture Sector within the priority sector over a period of time from 1996-97 to 2011-12 shows that percentage of lending to Agriculture sector within the Priority sector was highest in Andhra Pradesh in 1996-97, and from 2001-02 to 2011-12 percentage of lending to Agriculture sector remained highest in Chandigarh.

As can be seen from table 4 that percentage of Agriculture advances to Bank credit has decreased in 2011-12 as compared to other years in almost all the states of the country.

Out of the six regions into which the Country as a whole is divided, the Southern Region accounts for the highest percentage of Agriculture advances in 1996-97 and after that the percentage of agriculture advances to total PSA and of Bank Credit remain highest in Central region from 2001-02 to 2011-12.

Table 4: Statewise Share of Agriculture Advances to PSA and to Bank Credit by SCBs

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to bank Credit	% to PSA	% to bank Credit	% to PSA	% to bank Credit	% to PSA	% to bank Credit
Northern region	31	9	33	10	41	19	43	12
Delhi	10	2	18	3	35	11	31	5
Punjab	41	24	42	24	44	32	51	25
Haryana	40	26	34	28	46	31	51	23
Chandigarh	44	4	62	13	55	32	59	19
Jammu & Kashmir	21	8	22	8	23	9	21	13
Himachal Pradesh	26	16	25	15	33	23	30	19
Rajasthan	42	25	45	27	48	32	48	20
North Eastern region	37	26	24	10	22	10	30	12
Assam	39	27	24	10	22	10	28	11
Meghalaya	30	16	12	5	25	11	33	14
Mizoram	21	16	12	6	13	7	22	14
Arunachal Pradesh	46	27	38	18	25	9	30	8
Nagaland	39	28	31	16	23	13	38	13
Manipur	18	14	18	9	18	12	44	24
Tripura	38	30	37	17	25	11	35	12
Eastern Region	31	13	33	13	32	17	35	14
Bihar	35	21	39	24	45	31	55	27
Jharkhand	-	-	20	6	28	15	20	10
West Bengal	28	9	35	11	32	15	31	11
Orissa	33	22	26	15	26	15	42	20
Sikkim	41	18	20	30	11	9	10	5

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to bank Credit	% to PSA	% to bank Credit	% to PSA	% to bank Credit	% to PSA	% to bank Credit
Andaman & Nicobar	36	23	13	9	7	4	7	4
Central Region	40	23	44	24	46	33	50	26
Uttar Pradesh	36	22	45	28	48	36	51	27
Uttarakhand	-	-		9	35	27	38	24
Madhya Pradesh	47	24	43	23	47	33	54	27
Chhattisgarh	-	-	27	10	36	21	45	22
Western Region	25	7	23	7	27	9	24	6
Gujarat	34	13	36	13	36	19	35	15
Maharashtra	22	5	21	6	25	7	21	5
Daman & Diu	5	3	3	1	1	1	2	1
Goa	25	9	9	4	10	5	16	7
Dadra and Nagar Haveli	12	11	6	4	8	2	6	3
Southern Region	42	19	35	15	39	22	42	17
Andhra Pradesh	53	25	41	20	44	28	51	21
Karnataka	42	19	37	17	38	20	38	14
Lakshadweep	12	15	8	12	10	13	18	7
Tamil Nadu	38	15	31	11	37	19	39	16
Kerala	35	20	29	13	32	23	38	20
Pondicherry	45	17	45	20	30	19	36	17
All India	35	13	32	12	36	17	38	12

Source: Statistical Tables Relating to Banks in India, various issues

Within the Southern Region the highest percentages was achieved by Andhra Pradesh and lowest in Lakshadweep. In Central region the percentage of Agriculture advances to PSA and of Bank Credit remain highest in Uttar Pradesh and lowest in Uttarakhand.

The Northern accounts for the second highest position in terms of percentage to PSA and of Bank credit is concerned. In this region the percentages was highest in Chandigarh and Haryana and lowest in Delhi.

The Southern region occupies the third position from 2001-02 to 2011-12 as far as the percentage to PSA and of Bank credit is concerned. Within the Southern region the percentages remain highest in Andhra Pradesh and lowest in Lakshadweep.

The Eastern region follows the Southern region as far as the percentages to PSA and of Bank Credit is concerned. In Eastern region, Bihar secured the highest percentage whereas Andaman and Nicobar lowest in all the selected points of time (table 4)

The last two region in terms of percentage of Agricultural advances to PSA and of Bank credit is concerned was the North Eastern Region and the Western region. In Western region, the percentages remain highest in Gujarat and lowest in Daman and Diu, whereas in North Eastern region, the percentages was highest in Arunachal Pradesh and lowest in Mizoram in almost all the selected points of time (table 4)

2.2 Small Scale Industries

Interstate comparison of lending to SSI sector over the period of time from 1996-97 to 2011-12 in terms of both growth and percentage share has been given in table 5 and table 6 respectively.

Table 5: Statewise Amount and Growth Rate of SSI Advances by SCBs

	1996-97	2001-02	Growth Rate %	2006-07	Growth Rate %	2011-12	Growth Rate %
	SSI (Rs crore)	SSI (Rs crore)	1996-2002	SSI (Rs crore)	2002-2007	Small Enterprises (Rs crore)	2007-2012
Northern region	9230	13073	7	22026	11	101267	36
Delhi	3096	4516	8	7624	11	37051	37
Punjab	2159	3608	11	6032	11	21465	29
Haryana	1199	1989	11	3732	13	14288	31
Chandigarh	247	330	6	765	18	4343	42
Jammu & Kashmir	1287	385	-21	614	10	4457	49
Himachal Pradesh	150	223	8	418	13	4084	58
Rajasthan	1093	2022	13	2841	7	15578	41
North Eastern region	365	376	1	759	15	5134	47
Assam	257	264	1	591	17	3754	45
Meghalaya	10	21	16	43	15	420	58
Mizoram	6	8	6	12	8	134	62
Arunachal Pradesh	4	11	22	13	3	180	69
Nagaland	27	20	-6	38	14	172	35
Manipur	40	30	-6	26	-3	118	35
Tripura	21	22	1	36	10	358	58
Eastern Region	3586	5143	7	8329	10	53258	45
Bihar	871	797	-2	714	-2	4385	44
Jharkhand		318	-	1001	26	7209	48
West Bengal	2246	3266	8	5267	10	31526	43
Orissa	461	750	10	1322	12	9698	49
Sikkim	5	7	7	14	15	228	75
Andaman & Nicobar	3	5	11	11	17	213	81

	1996-97	2001-02	Growth Rate %	2006-07	Growth Rate %	2011-12	Growth Rate %
	SSI (Rs crore)	SSI (Rs crore)	1996-2002	SSI (Rs crore)	2002-2007	Small Enterprises (Rs crore)	2007-2012
Central Region	4167	5937	7	10663	12	47410	35
Uttar Pradesh	2951	3953	6	6669	11	27418	33
Uttarakhand	NA	67		609	55	3817	44
Madhya Pradesh	1216	1798	8	2515	7	10809	34
Chattisgarh	NA	119		870	49	5365	44
Western Region	10308	18433	12	31190	11	143165	36
Gujarat	2422	3851	10	5332	7	31224	42
Maharashtra	7745	14373	13	25486	12	109428	34
Daman & Diu	11	10	-2	27	22	176	45
Goa	122	185	9	317	11	2223	48
Dadra & Nagar Haveli	8	14	12	28	15	115	33
Southern Region	11427	17189	9	28601	11	128294	35
Andhra Pradesh	2222	3902	12	5753	8	29334	39
Karnataka	2402	3323	7	5563	11	26432	37
Lakshadweep	2	28	70	—	-	6	-
Tamil Nadu	5264	7786	8	13734	12	57536	33
Kerala	1498	2097	7	3415	10	14454	33
Pondicherry	39	53	6	136	21	532	31
All India	39082	60151	9	101568	11	478527	36

Source: See Appendix Table 6.9, 6.10, 6.11, 6.12

As far as the PSA to the SSI sector is concerned, no sub- sectoral target (percentage) deployment of credit has been fixed for this sector. Out of the total PSA to this sector, the Western region occupies the first place as far as the amount of PSA is concerned, exceptive the year 1996-97, when the Southern region occupied this position. Two of the most industrialized state in the country, namely, Gujarat and Maharashtra fall in this region. Maharashtra is India's leading industrialized state contributing about 30 percent of the nation's industrial output. The growth rate of the PSA to this sector shows that the less developed states of this region are witnessing high growth rate in the PSA to the SSI sector particularly between 2007- 2012. Although the amount of PSA to SSI sector in these states still continues to be very low. The Southern region has the second highest PSA to the SSI sector at almost all the selected points of time. Andhra Pradesh, Karnataka and Tamil Nadu happened to be the most industrialised and urbanized states in the country producing mainly the capital goods. Like the Western region the growth rate of PSA to this sector between the selected points of time happened to be greater in the less developed states.

The Northern region of the country occupies the third as far as the amount of SSI advances is concerned. The growth of industrial sector is mainly concentrated in the national capital region (NCR) comprising Delhi, parts of Haryana and Uttar Pradesh.

The Central region follows the Northern region as far as the amount of SSI advances is concerned. It comprises states namely Uttar Pradesh, Uttarakhand, Madhya Pradesh and Chhattisgarh, which are mainly agriculture oriented but after the economic liberalization, the industrial sector growth has also taken off in these states.

The Eastern region occupies the fifth position as far as the SSI advances are concerned excepting for the West Bengal, which is a highly industrialized state, all other states in the region are relatively backward.

The region which is most lacking in terms of amount of SSI advances is the North Eastern region, excepting for Assam, the remaining six states have received a paltry amount of SSI advances, and however there has been some improvement in the last selected point of time 2011-12 (Table 5)

Table 6 reveals percentage distribution of SSI to PSA and of Bank Credit in different years among different States of the Country by SCBs in India. As can be seen from Table 6, that percentage of SSI advances to PSA and of Bank credit has increased in 2011-12, as compared to other years in almost all the states of the country.

As far as the percentage of SSI to PSA is concerned on an average Western region occupies the first place. In this region percentage of SSI to PSA remain highest in Dadra and Nagar Haveli from 1996 to 2007 and in Daman and Diu in 2011-12 and lowest in Goa.

The Northern region occupies the second place on an average as far as the percentage of SSI loan to PSA is concerned. In this region, the percentage to PSA remain highest in two states namely Punjab and Jammu and Kashmir, whereas percentage remain lowest in Chandigarh excepting year 1996-97 when Himachal Pradesh had lowest percentage.

The Eastern region accounts for the third highest position on an average in terms of percentage of SSI loans to PSA are concerned. In Eastern region the percentage to PSA from 1996 to 2002 remain highest in West Bengal, it was followed by Jharkhand in 2006-07 and Andaman and Nicobar in 2011-12, whereas percentage almost remain lowest in Sikkim.

The Southern region follows the Eastern region in terms of percentage of SSI loan to PSA. In Southern region, the percentage of SSI loans to PSA and of Bank credit as well as the amount of SSI all remain highest in Tamil Nadu, whereas percentages remain lowest in Andhra Pradesh and Karnataka.

Table 6 : Statewise Share of SSI Advances to PSA and to Bank Credit by SCBs

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit
Northern region	54	16	30	9	15	7	38	11
Delhi	61	10	29	5	13	4	44	7
Punjab	45	26	35	20	20	15	37	18
Haryana	47	31	30	24	19	13	34	15
Chandigarh	47	5	22	5	9	5	27	9
Jammu & Kashmir	225	86	28	10	18	7	49	30
Himachal Pradesh	31	20	22	13	11	7	48	31
Rajasthan	35	21	25	15	11	7	33	13
North Eastern region	25	17	20	9	13	6	41	17
Assam	23	16	20	8	15	7	44	18
Meghalaya	20	10	19	8	8	3	42	18
Mizoram	34	25	18	8	4	2	19	12
Arunachal Pradesh	19	11	22	10	10	4	53	15
Nagaland	37	26	30	16	15	9	36	13
Manipur	42	33	35	18	6	4	19	10
Tripura	17	13	13	6	7	3	39	13
Eastern Region	35	14	28	11	13	7	43	17
Bihar	29	17	23	14	7	5	26	13
Jharkhand			24	7	18	9	56	27
West Bengal	42	13	35	11	15	7	47	16
Orissa	24	16	21	12	11	6	37	18
Sikkim	26	11	5	7	3	2	34	18
Andaman & Nicobar	20	13	10	7	9	5	62	31

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit
Central Region	35	20	25	14	13	9	31	16
Uttar Pradesh	38	23	26	16	14	10	32	17
Uttarakhand	-	-		3	13	10	35	22
Madhya Pradesh	29	14	24	13	11	8	25	13
Chhattisgarh	-	-	11	4	15	8	36	18
Western Region	48	13	35	10	17	6	42	10
Gujarat	48	18	41	14	17	9	42	18
Maharashtra	48	12	34	10	17	5	42	9
Daman &Diu	62	29	51	18	40	29	77	50
Goa	41	14	24	11	16	9	54	24
Dadra & Nagar Haveli	70	64	61	38	46	13	57	27
Southern Region	36	16	28	12	13	7	29	12
Andhra Pradesh	28	13	23	11	10	6	22	9
Karnataka	33	16	22	10	10	5	29	10
Lakshadweep	44	58	359	560			34	14
Tamil Nadu	46	18	38	14	19	10	37	15
Kerala	31	17	24	11	10	7	22	12
Pondicherry	34	13	22	10	15	9	27	12
All India	42	15	30	11	15	7	36	12

Source: Statistical Tables Relating to Banks in India, Various issues

The last two regions in terms of percentage of SSI loans to PSA are the Central region and the North Eastern region. In Central region percentage to PSA almost remain highest in Uttar Pradesh from 1996 to 2002 and in Chhattisgarh from 2006 to 2012, whereas percentages remain lowest in Madhya Pradesh and amount of loan to SSI also remain highest in Uttar Pradesh in all the selected points of time.

In North Eastern region the percentage to PSA remains highest in Manipur from 1996 to 2002 and in Arunachal Pradesh in 2011-12 and almost remains lowest in Tripura and Mizoram.

As far as the percentage of SSI loans to Bank credit is concerned, the Central region on an average occupies the first place and in this region the highest percentage was achieved by Uttar Pradesh and lowest in Madhya Pradesh in almost all the four selected points of time.

The North-eastern region and the Eastern region occupy the second position as far as the percentage of SSI loan to Bank Credit is concerned. In this region Manipur has achieved the highest percentage from 1996 to 2002, followed by Nagaland in 2006-07 and Meghalaya in 2011-12.

The Southern region accounts for the third highest position as far as the percentage to Bank credit is concerned. In Southern region, the highest percentage to Bank Credit was in Lakshadweep and Tamil Nadu and lowest was in Andhra Pradesh and Karnataka.

The last two regions in terms of percentage of SSI loans to Bank credit is concerned are the Northern Region and the Western Region. In Northern region the highest percentage was in Jammu and Kashmir, Haryana and Punjab and lowest in Delhi and Chandigarh, whereas in Western region, percentage of SSI loan to Bank Credit was high in Dadra and Nagar Haveli and Daman and Diu and low in Maharashtra in almost all the selected points of time but the amount of lending to SSI was high in Maharashtra and low in Dadra and Nagar Haveli, this contradiction was due to the fact that in Maharashtra both the amount of SSI and Bank Credit was high, since the base was high, percentage is coming to be low in Maharashtra and high in Dadra and Nagar Haveli .

The analysis of Small Scale industries within the Priority Sector shows that percentage of SSI to total PSA in almost all the selected points of time remained highest in Dadra and Nagar Haveli, Daman and Diu and Lakshadweep and remained lowest in Sikkim, Arunachal Pradesh, Mizoram and Manipur. While percentage to Bank Credit remained highest in Lakshadweep, Daman and Diu, Dadra and Nagar Haveli, Jammu and Kashmir and lowest in Chandigarh, Uttarakhand, and Mizoram, Sikkim and in Delhi (Table 6)

2.3 State wise Lending to Priority Sector other than Agriculture and SSI

Interstate comparison of lending to Priority sectors other than Agriculture and SSI over the period of time from 1996-97 to 2011-12 in terms of both growth and percentage share has been given in table 7 and table 8 respectively.

The other priority sectors mainly includes retail trade, Small road and water transport operators, Professional and self employed Persons, Micro Credit, Education and Housing loans etc. in these priority sectors, the maximum advances have gone to the Southern region in which Andhra Pradesh, Karnataka, Tamil Nadu and Kerala are the largest beneficiaries as expected, since the level of economic activities in these four states are high and fairly wide spread, the advances to these sectors are high.

The southern region has been followed by the Western region and the Northern region. The Central region, the Eastern region and the North Eastern region occupied the fourth, the fifth and the sixth position respectively, with respect to other priority sector advances. The important states are Maharashtra, Gujarat, Uttar Pradesh, Delhi and West Bengal (Table 7)

Table 7: Statewise Amount and Growth Rates of Priority Sectors other than Agriculture and SSI by SCBs

	1996-97	2001-02		2006-07		2011-12	
States	OPS (Rs crore)	OPS (Rs crore)	Growth Rate % 1996- 2002	OPS (Rs crore)	Growth Rate % 2002-2007	OPS (Rs crore)	Growth Rate % 2007-2012
Northern region	3701	15474	33	59019	31	49567	-3
Delhi	1439	7501	39	27348	30	20713	-5
Punjab	665	2007	25	9360	36	7253	-5
Haryana	380	2281	43	5905	21	5863	0
Chandigarh	52	202	31	2670	68	2088	-5
Jammu and Kashmir	203	660	27	1895	23	2692	7
Himachal Pradesh	214	526	20	1939	30	1887	-1
Rajasthan	749	2296	25	9903	34	9072	-2
North Eastern region	562	1007	12	3518	28	3604	0
Assam	410	730	12	2237	25	2312	1
Meghalaya	25	63	20	297	36	247	-4
Mizoram	9	31	28	183	43	401	17
Arunachal Pradesh	7	24	28	82	28	57	-7
Nagaland	17	26	9	116	35	122	1
Manipur	39	50	5	299	43	229	-5
Tripura	55	83	9	304	30	234	-5
Eastern Region	3523	6831	14	31752	36	26598	-3
Bihar	1067	1467	7	4351	24	3180	-6
Jharkhand	NA	662		2769	33	3071	2
West Bengal	1622	2628	10	16366	44	14375	-3
Orissa	821	1945	19	7340.69	30	5483	-6
Sikkim	6	92	73	819	55	382	-14

	1996-97	2001-02		2006-07		2011-12	
States	OPS (Rs crore)	OPS (Rs crore)	Growth Rate % 1996- 2002	OPS (Rs crore)	Growth Rate % 2002-2007	OPS (Rs crore)	Growth Rate % 2007-2012
Andaman & Nicobar	7	37	40	105	23	106	0
Central Region	3095	7616	20	30205	32	28517	-1
Uttar Pradesh	2042	4124	15	16533	32	14051	-3
Uttarakhand	NA	361	-	2053	42	2880	7
Madhya Pradesh	1053	2688	21	9244	28	8763	-1
Chhattisgarh	NA	444	-	2375	40	2824	4
Western Region	5812	17564	25	103675	43	112462	2
Gujarat	919	2481	22	12130	37	17026	7
Maharashtra	4785	14728	25	90248	44	94101	1
Daman & Diu	6	3	-13	33	62	47	7
Goa	100	343	28	1239	29	1210	0
Dadra & Nagar Haveli	2	8	32	27	28	76	23
Southern Region	6819	20912	25	103683	38	130882	5
Andhra Pradesh	1477	5230	29	26466	38	35313	6
Karnataka	1799	5476	25	28009	39	30654	2
Lakshadweep	2	5	20	18	29	9	-13
Tamil Nadu	1845	6318	28	28908	36	37349	5
Kerala	1671	3810	18	19853	39	26814	6
Pondicherry	24	72	25	429	43	742	12
All India	23511	69403	24	331852	37	351630	1

Source: See Appendix Table 6.13, 6.14, 6.15, 6.16

Table 8, within the Northern Region, in Delhi the percentage of other Priority Sector (OPS) to total PSA was 16 percent in 1996-97 which rose to 49 percent and 48 percent in 2001-02 and 2006-07 respectively and then reduced by more than half to 25 percent in 2011-12. The percentage of OPS to Bank credit was 2 percent in 1996-97 which increased to 15 percent in 2006-07 and then reduced by more than half to 4 percent in 2011-12 (Table 8)

Table 8 reveals percentage share of Priority sectors other than Agriculture and SSI to total PSA and Bank Credit in different years among different States of the Country by SCBs in India.

As can be seen from Table 8 that percentage of priority sectors other than Agriculture and SSI to Bank Credit has decreased in 2011-12, as compared to other years in all the states of the country.

Among the six regions into which the Country as a whole is divided, the North Eastern region account for the highest percentage of lending to Priority Sectors other than Agriculture and SSI (OPS) to total PSA and of Bank Credit. Within the region, the highest percentage was achieved by Meghalaya and Mizoram, whereas lowest percentage was in Nagaland and Arunachal Pradesh in terms of percentage to PSA and of Bank Credit in almost all the selected points of time.

The Eastern region account for the second highest position in terms of percentage to total PSA. Within the Eastern region the highest percentage in terms of both PSA and of Bank credit was in Andaman and Nicobar and Sikkim and lowest in West Bengal but the amount of lending to priority sectors other than Agriculture and SSI and total Bank Credit was high in West Bengal and low in Andaman and Nicobar, this contradiction was due to the fact that in West Bengal both the amount of lending to OPS and Bank credit was high, since the base was high percentage is coming to be low in West Bengal and reverse has happened in Andaman and Nicobar.

Table 8: Statewise Share of Priority Sector other than Agriculture and SSI to PSA and to Bank Credit in Different Years by SCBs

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit
Northern region	17	5	35	11	40	18	19	5
Delhi	16	2	49	9	48	15	25	4
Punjab	12	7	20	11	31	23	12	6
Haryana	15	9	34	28	31	21	14	6
Chandigarh	8	1	13	3	31	18	13	4
Jammu & Kashmir	35	14	48	17	55	22	30	18
Himachal Pradesh	44	28	52	32	49	34	22	14
Rajasthan	23	14	29	17	38	26	19	8
North Eastern region	37	26	55	23	58	27	29	12
Assam	36	25	55	23	56	26	27	11
Meghalaya	50	27	58	23	57	24	25	11
Mizoram	45	33	69	31	69	37	58	35
Arunachal Pradesh	35	21	49	23	63	22	17	5
Nagaland	24	17	39	21	47	26	26	9
Manipur	40	32	59	30	73	49	37	20
Tripura	45	35	50	23	62	28	26	9
Eastern Region	30	12	38	15	51	27	22	8
Bihar	36	21	42	26	46	31	19	9
Jharkhand			50	15	49	26	24	12
West Bengal	22	7	28	9	48	23	21	7
Orissa	43	28	54	31	59	35	21	10
Sikkim	33	15	64	96	184	139	57	31

States	1996-97		2001-02		2006-07		2011-12	
	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit	% to PSA	% to Bank credit
Andaman & Nicobar	44	28	76	52	84	43	31	16
Central Region	25	14	32	17	37	27	19	10
Uttar Pradesh	25	15	27	17	35	26	17	9
Uttarakhand	N.A.	N.A.	-	17	45	34	26	17
Madhya Pradesh	24	12	36	19	40	28	21	11
Chhattisgarh	N.A.	N.A.	40	15	40	23	19	9
Western Region	15	4	34	10	58	19	33	8
Gujarat	16	6	27	9	39	20	23	10
Maharashtra	15	4	35	10	62	18	36	8
Daman & Diu	10	5	17	6	48	36	21	13
Goa	33	12	45	21	64	33	30	13
Dadra and Nagar Haveli	18	17	35	22	44	12	37	18
Southern Region	20	9	34	14	46	26	29	12
Andhra Pradesh	18	9	31	15	44	27	27	11
Karnataka	22	10	36	17	52	27	33	12
Lakshadweep	45	59	59	92	88	117	50	21
Tamil Nadu	13	5	31	11	39	20	24	10
Kerala	34	19	44	20	56	40	41	22
Pondicherry	21	8	30	13	47	29	37	17
All India	20	7	35	12	47	22	26	9

Source: RBI, Statistical Tables relating to Banks in India, various issues.

The western region occupies the third place as far as the percentage of OPS to PSA is concerned. Within the region, the highest percentage was in Dadra and Nagar Haveli and Goa and lowest in Daman and Diu in almost all the selected points of time.

The Southern region follows the Western region as far as the percentage of OPS to PSA is concerned. In this region the highest percentage was in Lakshadweep and lowest percentages in Tamil Nadu in almost all the selected points of time, the amount of lending to OPS and Bank Credit remained high in Tamil Nadu and low in Lakshadweep, since the base was high percentage is coming to be low in Tamil Nadu and opposite has happened with Lakshadweep.

The last two regions in terms of percentage of OPS to total PSA are the Central region and the Northern region. In Central region the highest percentage was in Uttar Pradesh in 1996-97, after that the highest percentage was in Uttarakhand from 2001-02 and lowest in Madhya Pradesh and Chhattisgarh in almost all the selected points of time.

In Northern region the highest percentage was in Himachal Pradesh and Jammu and Kashmir and lowest in Chandigarh and Delhi in four selected points of time.

As far as the percentage of OPS to Bank credit is concerned, the first position was achieved by the North Eastern region followed by the central region, the Eastern region, the Southern region, the Western region and the Northern region. (Table 8)

Conclusions:

A Comparative analysis of Priority Sector lending in different years among different States of the Country shows that Priority Sector lending was not uniform in all the states. In states such as Tripura, Orissa, Uttar Pradesh, Rajasthan, Assam, Arunachal Pradesh and Uttarakhand the percentage of PSA to total Bank credit has continuously decreased from 1996-97 to 2011-12, while in Delhi, Chandigarh, Uttar Pradesh, Gujarat,

Goa, Kerala and Pondicherry the percentage of PSA to bank Credit has first increased and then decreased in 2011-12.

The analysis of Agriculture sector within the Priority sector shows that some states did not achieve the target of 18 percent of Bank credit from 1996-97 till 2011-12. These are Delhi, Chandigarh, Jammu and Kashmir, Himachal Pradesh, Meghalaya, Mizoram, Manipur, West Bengal, Gujarat, Maharashtra, Daman and Diu, Goa, Dadra and Nagar Haveli, Lakshadweep. In the Central Region all the States had achieved the target of 18 percent of Bank Credit except in 2001-02 when Uttarakhand and Chhattisgarh had not achieved the target of 18 percent of Bank credit.

Inter State Comparison between all the states of lending to Agriculture Sector within the priority sector over a period of time from 1996-97 to 2011-12 shows that percentage of lending to Agriculture sector within the Priority sector was highest in Andhra Pradesh in 1996-97, and from 2001-02 to 2011-12 percentage of lending to Agriculture sector remained highest in Chandigarh.

The analysis of Small Scale industries within the Priority Sector shows that percentage of SSI to total PSA in almost all the selected points of time remained highest in Dadra and Nagar Haveli, Daman and Diu and Lakshadweep and remained lowest in Sikkim, Arunachal Pradesh, Mizoram and Manipur. While percentage to Bank Credit remained highest in Lakshadweep, Daman and Diu, Dadra and Nagar Haveli, Jammu and Kashmir and lowest in Chandigarh, Uttarakhand, Mizoram, Sikkim and in Delhi.

The percentage of Priority sector and its various sectors to Bank credit shows that percentage of lending to Priority Sector in totality and to OPS has decreased in 2011-12 as compared to other years, whereas percentage of lending to Small Scale Industries within the Priority Sector has comparatively increased in 2011-12.

From the analysis following facts emerge, the PSA have witnessed a deceleration in the growth rate between 2006 to 2012, across the board in all the states of the country.

As has been indicated already there are two reasons for this (I) Worldwide recession in the financial sector from September 2007 onwards, and (II) increased NPAs in the Sector has forced the bankers to cut down the advances to this sector, in wake of the prudential norms and to enhance the productivity levels.