

Credit operations of Saptagiri Grameena Bank after Merger

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1. Introduction:

Saptagiri Grameena Bank (SGB) was formed with the merger of Sri Venkateswara Grameena Bank and Kanakadurga Grameena Bank with effect from 01.07.2006. The operational area of SGB is spread over Chittoor and Krishna districts in the state of Andhra Pradesh (AP). The bank is with 157 branches. Of which 102 branches are in Chittoor district and 55 branches in Krishna district and one satellite office. Out of them, 108 are rural, 37 semi-urban and 12 urban. An attempt is made in this article to review its credit operations after merger. The focus is on, sector – wise disbursement; outstanding advances; priority sector lending; coverage of agriculture and target groups; credit-deposit ratio (CDR) and targets and accomplishments. The study period is spread over 7 years from merger. Keeping in line with the importance attached to rural development, the bank has achieved considerable progress in providing finance to farming community, weaker sections and so on.

2. Credit operations:

SGB has to accelerate integrated rural development by providing adequate and timely credit in its operational area. This depends upon the coverage of activities; reaching occupational target groups; extent of deployment of credit to priority sector; assistance rendered to weaker sections of society for their upliftment; and level of utilisation of locally mobilised deposits in its operational area.

3. Disbursement of credit:

3.1 Year-wise:

It can be observed that the bank has disbursed Rs.73,590.92lakhs in 2007 and progressively increased year after year to reach Rs. 2,52,312.92lakhs at the end of 2013 (see Table 1). The increment was in the range of 22.26 – 33.15 per cent. The share of priority sector in the total disbursement was 88.41 per cent in 2007 as against 82.54 per cent in 2013. The year

Table 1: Year – wise Disbursement of Loans in the SGB during 2007-13 (Rs. lakhs)

Year	Total advances	% of change	Priority sector to total advances
2007	73,590.92	---	88.41
2008	89,508.64	27.52	82.39
2009	1,08,476.46	33.15	93.22
2010	1,47,815.00	24.30	88.75
2011	1,72,518.48	26.73	84.02
2012	2,21,606.00	26.15	81.02
2013	2,52,312.92	22.26	82.54

Source: Relevant issues of the SGB, Annual Reports, Chittoor.

to year changes are noticeable. There is a declining trend with to and fro changes during the period.

3.2 Accomplishments:

The target in credit disbursement was fixed at Rs. 57,113.69 lakhs in 2007 vis-à-vis Rs. 2,51,000 lakhs in 2013 (see Table 2). The amount actually disbursed was Rs. 73,590.92 lakhs and Rs. 2,52,312.92 lakhs in the former and latter respectively. The percentage of achievement was 128.85 in 2007 as compared to 100.52 in 2013. The year 2007 achieved the highest accomplishment at 128.85 per cent while the least 83.44 per cent in 2009. The targets were overfulfilled in all the years leaving 2009. This may be due to the fact that it might have

Table 2: Targets and Achievements of the SGB in Credit Disbursement during 2007-13 (Rs. lakhs)

Year (1)	Target (2)	Actual (3)	% of col (3) to col (2) (4)
2007	57,113.69	73,590.92	128.85
2008	80,000.00	89,508.64	111.89
2009	1,30,000.00	1,08,476.46	83.44
2010	1,46,000.00	1,47,815.00	101.24
2011	1,70,000.00	1,72,518.48	101.48
2012	2,03,000.00	2,21,606.00	109.17
2013	2,51,000.00	2,52,312.92	100.52

Source : As in Table 1.

Fixed at low level or put in concerted efforts to reach the target in the credit front.

4. Outstanding advances:

4.1. Aggregate and Sectoral:

A glance at the Table 3 shows that the outstanding advances were Rs. 65,600.22 lakhs in 2007 and progressively increased year after year to reach Rs. 2,70,637.26 lakhs at the end of

Table 3: Sector - wise Distribution of Outstanding Advances of SGB during 2007-13

(Rs. lakhs)

Year (1)	Total (2)	% of change (3)	Priority sector (4)	Non priority sector (5)	% of col (4) to col (2) (5)
2007	65,600.22	---	56,479.64	9,120.58	86.10
2008	83,655.86	27.52	64,063.72	19,592.14	76.58
2009	1,11,389.93	33.15	87,806.01	23,583.92	78.82
2010	1,38,461.84	24.30	1,08,476.58	29,985.26	78.34
2011	1,75,474.83	26.73	1,50,373.67	25,101.16	85.69
2012	2,21,356.31	26.15	1,92,089.93	29,266.38	86.78
2013	2,70,637.26	22.26	2,37,603.22	33,034.04	87.79

Source : As in Table 1.

2013. The percentage of increase was in the order of 22.26-33.15 per cent during the period. The advances to priority sector also reveal rising trend gradually. During 2007, Rs.56,479.64 lakhs were disbursed under priority sector as compared to Rs. 2,37,603.22 lakhs in 2013. In the total outstanding advances, the remaining is accounted for non – priority sector. It was Rs. 9,120.58lakhs and Rs. 33,034.04 lakhs in the former and the latter respectively. The share of priority sector in the total advances was 86.10 per cent in 2007 as against 87.79 per cent in 2013. The preposition of priority sector has crossed government norm in all the years. The priority sector accounts for a lion’s share in the total outstanding loans during the period. Further, its share has increased as against a decline in the non - priority sector which reflects the government policy.

4.2 Segregation of priority sectoral advances:

A look at the Table 4 shows that, of the advances of priority sector, agriculture accounts

Table 4: Segregation of Priority Sector Advances of SGB during 2007-13 (Rs. lakhs)

Year (1)	Agriculture (2)	Jewel loans (3)	Others (4)	Total (5)
2007	47,078.91 (71.77)	2,769.03 (4.22)	15,752.28 (24.01)	65,600.22 (100)
2008	58,800.70 (70.29)	12,263.45 (14.66)	12,591.71 (15.05)	83,655.86 (100)
2009	72,124.25 (64.75)	15,134.45 (13.59)	24,131.23 (21.66)	1,11,389.93 (100)
2010	97,194.35 (70.20)	20,294.35 (14.66)	20,973.14 (15.14)	1,38,461.84 (100)
2011	1,21,570.66 (69.28)	21,579.54 (12.30)	32,324.63 (18.42)	1,75,474.83 (100)
2012	1,52,087.08 (68.71)	26,311.12 (11.89)	42,958.11 (19.40)	2,21,356.31 (100)
2013	1,89,166.12 (69.90)	33,608.06 (12.42)	47,863.08 (17.68)	2,70,637.26 (100)

Note : Figures in brackets indicate the percentage to total.

Source: As in Table 1.

for a lion’s share. This is due to the fact a large proportion of population in the operational area depends agriculture. The agriculture has constituted Rs.47,078.91 lakhs or 71.77 per cent in 2007 as against Rs. 1,89,166.12 lakhs or 69.90 per cent in 2013. Agriculture was in the range of 64.75-71.77 per cent in the reference period. The Jewel loans were Rs. 2,769.03 lakhs or 4.22 per cent and Rs. 33,608.06 lakhs or 12.42 per cent in the former and latter respectively. The proportion of

Jewel loan was in the order of 4.22-14.66 per cent. For others, the amount has increased progressively from Rs. 15,752.28 lakhs or 24.01 per cent to Rs. 47,863.08 lakhs or 17.68 per cent during the aforesaid period, registering an increase of 3.04 times. Others were in the class of 15.05-24.01 per cent with ups and downs during the period. The year to year changes are noticeable. There is a declining trend with to and fro changes.

4.3 Classification of agricultural outstanding advances:

A glance at the Table 5 reveals that, of the agricultural advances, crop loans were in the

Table 5: Classification of Agricultural Outstanding Advances of SGB during 2007-13 (Rs. lakhs)

Year	Crop loans	Jewel loans	Term loans	Total
2007	22,681.67 (48.18)	17,021.66 (36.16)	7,375.58 (15.66)	47,078.91 (100)
2008	26,183.89 (44.53)	10,172.26 (17.29)	22,444.55 (38.18)	58,800.70 (100)
2009	26,839.45 (37.21)	18,391.38 (25.49)	26,893.42 (37.30)	72,124.25 (100)
2010	32,365.25 (33.29)	29,454.65 (30.31)	35,374.45 (36.40)	97,194.35 (100)
2011	33,515.29 (27.57)	38,632.87 (31.78)	49,422.50 (40.65)	1,21,570.66 (100)
2012	44,236.18 (29.09)	56,861.90 (37.39)	50,989.00 (33.52)	1,52,087.08 (100)
2013	52,216.55 (27.60)	82,976.27 (43.86)	53,973.30 (28.54)	1,89,166.12 (100)

Note: Figures in brackets indicate the percentage to total.

Source: As in Table 1.

range of 27.57-48.18 per cent in the reference period. The proportion of Jewel loans was in the order of 17.29-43.86 per cent. The crop loans have risen as against a decline in agriculture. The trend in term loans is similar to that of Jewel loans. The crop loans have constituted 15.66 per cent in 2007 and 28.54 per cent in 2013, with ups and downs in the meantime. A similar trend exists in term loan. These have constituted Rs. 7,375.58 lakhs in 2007 while Rs. 50,989.00 in 2013. These have formed 15.66 per cent in 2007 as against 28.54 per cent in 2013.

4.4 Target Group-wise Classification:

A perusal of the Table 6 exhibits that the outstanding advances to weaker sections were Rs. 48,765.87 lakhs or 86.59 per cent in 2007 whereas Rs.

Table 6: Target Group-wise Classification of Outstanding Advances of SGB during 2007-13

(Rs. lakhs)

Year	SCs/ STs	Weaker Section	Minorities	Women	Total
2007	5,785.45 (10.27)	48,765.87 (86.59)	1,763.82 (3.14)	---	56,315.14 (100)
2008	6,731.48 (7.21)	62,897.85 (67.32)	1,902.10 (2.04)	21,897.00 (23.43)	93,428.43 (100)
2009	12,841.77 (9.48)	80,138.75 (59.16)	2,297.49 (1.69)	40,176.45 (29.67)	1,35,454.46(100)
2010	18,452.35 (9.52)	1,23,254.55 (63.58)	2,603.65 (1.34)	49,535.64 (25.56)	1,93,846.19 (100)
2011	19,610.75 (9.95)	1,13,058.62 (57.38)	2,840.00 (1.44)	61,520.66 (31.23)	1,97,030.03 (100)
2012	20,724.00 (8.68)	1,45,016.00 (60.76)	3,688.00 (1.55)	69,252.00 (29.01)	2,38,680.00 (100)
2013	21,260.82 (7.91)	1,67,030.21 (62.14)	4,510.39 (1.68)	76,001.12 (28.27)	2,68,802.54 (100)

Notes: Figures in brackets indicate the percentage to total.

Source: As in Table 1.

1,67,030.21 lakhs or 62.14 per cent in 2013. The amount outstanding with women was Rs.21,897 lakhs in 2008 as compared to Rs. 76,001.12 lakhs during 2013. In other words, their proportion was between 23.43 per cent and 28.27 per cent in the aforesaid period. Of the total outstanding advances, SCs/ STs were provided with Rs. 5,785.45 lakhs or 10.27 per cent during 2007 when compared to Rs. 21,260.82 lakhs or 7.91 per cent during 2013. There are fluctuations in the yearly percentage of outstanding advances during the period. The amount outstanding with minorities was Rs. 1,763.82 lakhs or 3.14 per cent in 2007 whilst Rs. 4,510.39 lakhs or 1.68 per cent in 2013. Over the 7 year period, the account of minorities has declined in both the absolute figures and percentage terms. The weaker section occupied the first place. The women ranked second, SCs/ STs third and minorities last. There is an increase in the proportion of weaker sections and women in 2013 over 2007. A converse situation prevails in the case of SCs/ STs and minorities. It is interesting to note that the share of weaker section is more as compared to the share of other groups in each year. It is distressing to note that the SCs and STs have not received much attention from the bank.

5. Credit-deposit ratio:

With a growth in branch network, there has been a steady increase in the deposits and outstanding advances. The CDR was 105.79 per cent in 2007 as compared to

Table 7: Deposits, Advances and Credit-Deposit Ratio of SGB during 2007-13(Rs. lakhs)

Year	Deposits	Outstanding advances	Credit-deposit ratio (%)
2007	62,008.53	65,600.22	105.79
2008	77,779.80	83,655.86	107.55
2009	97,785.51	1,11,389.93	113.91
2010	1,24,397.41	1,38,461.84	111.31
2011	1,55,361.64	1,75,474.83	112.95
2012	1,85,229.44	2,21,356.31	119.50
2013	2,13,467.36	2,70,637.26	126.78

Source: As in Table 1.

126.78 per cent in 2013. There is a progressive increase during the period except 2010. The CDR shows a welcome. This is so because funds raised from external sources were deployed in its operational areas in addition to those mopped up locally.

6. Conclusions:

The priority sector accounts for a lion's share in the total outstanding loans of the SGB during the period. Further, its share has increased as against a decline in the non - priority sector which reflects the government policy. Targets were fulfilled in most of the period. The share of agriculture dominates the remaining activities. Similar is the case with weaker sections of society. The CDR is appreciable.

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