



WOMEN EMPOWERMENT THROUGH PRIORITY SECTOR LENDING BY BANKS - A CASE STUDY OF ANDHRA BANK

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Abstract

Commercial Banks, especially Nationalized Banks are playing vital role in empowerment of women through their different financial schemes under priority sector lending. Reserve Bank of India has classified certain categories as priority sectors and fixed targets to all scheduled commercial banks in lending. Agriculture, MSME, Export credit, education loans, housing, social infrastructure, renewable energy etc. will come under priority sector lending. Credit to women borrowers will also form the component of priority sector lending. The present study focuses on empowerment of women through priority sector lending by a Nationalized Bank, Andhra Bank.

Key words: *women empowerment, Nationalized Banks, Priority sector classification, priority sector lending, credit to women.*

INTRODUCTION

Women empowerment is a broad term and includes improvement of the social status of women by providing education, food, ownership of assets, eradicating poverty, providing equal rights, decision making in domestic matters etc., Empowerment is equal status to women in all fields like Politics, education, employment etc. The share of women population in India is around 48%.. But the status of women in our country is very poor economically, socially, politically and in all fields. Rural women involve themselves in agriculture and allied activities like dairy, poultry, sheep rearing etc. Urban women put their entrepreneur skills in employment activities like retail trade, business enterprises, small scale industries etc. But the status of women is not improved in the society. Women need financial assistance for their empowerment.

Banks are nationalized in the year 1969 by the then Prime Minister Smt. Indira Gandhi with cause of social justice and to extend loans/credit to poor and weaker sections of the society. Lending to poor, weaker sections of the society is main agenda in nationalization of banks. In the first batch, 14 banks are nationalized in the year 1969. And again in the year six more banks are nationalized in the year 1980. After nationalization of the banks, lending to priority sector has gained importance. Priority sector are those sectors which are weaker sections, farmers, micro and small scale industries, exports, Education & housing etc. Lending to these sectors will come under Priority sector lending. Credit to women borrowers will also form the priority sector lending.

The following categories will come under priority sector lending: 1. Agriculture 2. Micro and Small enterprises, 3. Export Credit, 4. Education, 5. Housing, 6. Social Infrastructure, 7. Renewable Energy, 8. Others and Weaker Sections.

II DESCRIPTIONS OF THE CATEGORIES ELIGIBLE UNDER PRIORITY SECTOR

1. Agriculture

Lending to agriculture will form main component of priority sector lending. It includes i) Farm Credit (which will include short-term crop loans and medium/long-term credit to farmers) (ii) Agriculture Infrastructure and (iii) Ancillary Activities. A list of eligible activities under the three sub-categories is indicated below:

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Category	Description
1.1 Farm credit	A. Loans to individual farmers [including Self Help Groups (SHGs) or Joint Liability Groups (JLGs), i.e. groups of individual farmers, provided banks maintain disaggregated data of such loans], directly engaged in Agriculture and Allied Activities, viz., dairy, fishery, animal husbandry, poultry, bee-keeping and sericulture. (i) Crop loans to farmers, which will include traditional/non-traditional plantations and horticulture, and, loans for allied activities. (ii) Medium and long-term loans to farmers for agriculture and allied activities (e.g. purchase of agricultural implements and machinery, loans for irrigation and other developmental activities undertaken in the farm, and developmental loans for allied activities.) (iii) Loans to farmers for pre and post-harvest activities, viz., spraying, weeding, harvesting, sorting, grading and transporting of their own farm produce. (iv) Loans to farmers under the Kisan Credit Card Scheme. (vii) Loans to small and marginal farmers for purchase of land for agricultural purposes.
1.2 Agriculture Infrastructure	i) Loans for construction of storage facilities (warehouses, market yards, godowns) including cold storage units/ cold storage chains designed to store agriculture produce/products, irrespective of their location. ii) Soil conservation and watershed development. iii) Plant tissue culture and agri-biotechnology, seed production, production of bio-pesticides, bio-fertilizer, and vermi composting. For the above loans, there is a ceiling of an aggregate sanctioned limit of Rs.100 crore per borrower.
1.3 Ancillary activities	i) Loans for setting up of Agriclincs and Agribusiness Centres. ii) Loans for Food and Agro-processing up to an aggregate sanctioned limit of Rs.100 crore per borrower from the banking system.

2. Micro, Small and Medium Enterprises (MSMEs)

Lending to MSMEs will also form the part of priority sector lending. The limits for investment in plant and machinery/equipment for manufacturing / service enterprise, as notified by Ministry of Micro, Small and Medium Enterprises are as under:-

Category	Description
Manufacturing Sector Enterprises	Investment in Plant and Machinery
Micro	Does not exceed twenty five lakh rupees
Small	More than twenty five lakh rupees but does not exceed five crore rupees
Medium	More than five crore rupees but does not exceed ten crore rupees
Service Sector Enterprises	Investment in equipment
Micro	Does not exceed ten lakh rupees
Small	More than ten lakh rupees but does not exceed two crore rupees More than ten lakh rupees but does not exceed two crore rupees
Medium	More than two crore rupees but does not exceed five crore rupees

Bank loans to Micro, Small and Medium Enterprises, for both manufacturing and service sectors are eligible to be classified under the priority sector as per the following norms: Rs.5 cr per unit micro and small Enterprises and Rs.10 crore to Medium Enterprises engaged in providing or rendering of services.



2.2. Khadi and Village Industries Sector (KVI)

All loans to units in the KVI sector will be eligible for classification under the sub-target of 7 percent /7.5 percent prescribed for Micro Enterprises under priority sector.

3. Export Credit

Loans extended for the purpose of export will also form priority sector lending. The Export Credit extended as per the details below would be classified as priority sector.

Domestic banks	Foreign banks with 20 branches and above
Incremental export credit over corresponding date of the preceding year, up to 2 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, effective from April 1, 2015 subject to a sanctioned limit of Rs.25 crore per borrower to units having turnover of up to 100 crore.	Incremental export credit over corresponding date of the preceding year, up to 2 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, effective from April 1, 2017

Export credit includes pre-shipment and post shipment export credit given by banks from time to time.

4. Education

Education is the main activity to be encouraged for lending in priority sector. Loans to individuals for educational purposes i.e, for studies in India including vocational courses up to Rs. 10 lakh irrespective of the sanctioned amount, Rs.20 lacs education abroad will be considered as eligible for priority sector lending.

5. Housing

Providing food and shelter to the population of the country is main agenda of the government. Housing will form main component of priority sector lending. The features of the priority sector lending for housing activity is as under:

5.1 Loans to individuals up to Rs.28 lakh in metropolitan centres (with population of ten lakh and above) and loans up to Rs.20 lakh in other centres for purchase/construction of a dwelling unit per family provided the overall cost of the dwelling unit in the metropolitan centre and at other centres should not exceed Rs.35 lakh and Rs.25 lakh respectively. The housing loans to banks' own employees will be excluded.

5.2 Loans for repairs to damaged dwelling units of families up to Rs.5 lakh in metropolitan centres and up to Rs.2 lakh in other centres.

5.3 The loans sanctioned by banks for housing projects exclusively for the purpose of construction of houses for economically weaker sections and low income groups, the total cost of which does not exceed Rs.10 lakh per dwelling unit. For the purpose of identifying the economically weaker sections and low income groups, the family income limit of Rs.2 lakh per annum, irrespective of the location, is prescribed.

6. Social infrastructure

Bank loans up to a limit of Rs.5 crore per borrower for building social infrastructure for activities namely schools, health care facilities, drinking water facilities and sanitation facilities.

7. Renewable Energy

Bank loans up to a limit of Rs.15 crore to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification. For individual households, the loan limit will be Rs.10 lakh per borrower

8. Others

8.1. Loans not exceeding Rs.50,000/- per borrower provided directly by banks to individuals and their SHG/JLG, provided the individual borrower's household annual income in rural areas does not exceed Rs. 1,00,000/- and for non-rural areas it does not exceed Rs. 1,60,000/-.



- 8.2. Loans to distressed persons Rs.100,000/- per borrower to prepay their debt to non-institutional lenders.
8.3. Overdrafts extended by banks up to Rs. 5,000/- under Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts provided the borrowers household annual income does not exceeding Rs.100,000/- for rural areas and Rs.1,60,000/- for non-rural areas.
8.4. Loans sanctioned to State Sponsored Organisations for Scheduled Castes/ Scheduled Tribes for the specific purpose of purchase and supply of inputs and/or the marketing of the outputs of the beneficiaries of these organisations.

9. Weaker Sections

Priority sector loans to the following borrowers will be considered under Weaker Sections category:-

S.No.	Category
1	Small and marginal farmers
2	Artisans, village and cottage industries where individual credit limits do not exceed Rs.1 lakh
3	Beneficiaries under Government Sponsored Schemes such as National Rural Livelihoods Mission (NRLM), National Urban Livelihood Mission (NULM) and Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)
4	Scheduled Castes and Scheduled Tribes
5	Beneficiaries of Differential Rate of Interest (DRI) scheme
6	Self Help Groups
7	Distressed farmers indebted to non-institutional lenders
8	Distressed persons other than farmers, with loan amount not exceeding Rs.1 lakh per borrower to prepay their debt to non-institutional lenders
9	Individual women beneficiaries up to Rs.1 lakh per borrower
10	Persons with disabilities
11	Overdrafts up to Rs.5,000/- under Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts, provided the borrowers' household annual income does not exceed Rs.100,000/- for rural areas and Rs.1,60,000/- for non-rural areas
12	Minority communities as may be notified by Government of India from time to time

II. Targets /Sub-targets for Priority Sector

The targets and sub-targets set under priority sector lending for all scheduled commercial banks operating in India are as under:

Categories	Domestic scheduled commercial banks and Foreign banks with 20 branches and above
Total Priority Sector	40 percent of Adjusted Net Bank Credit or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher. Foreign banks with 20 branches and above have to achieve the Total Priority Sector Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 18
Agriculture	18 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher. Within the 18 percent target for agriculture, a target of 8 percent of ANBC for Small and Marginal Farmers, to be achieved in a phased manner i.e., 7 per cent by March 2016 and 8 per cent by March 2017.
Micro Enterprises	7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher to be achieved in a phased manner i.e. 7 per cent by March 2016 and 7.5 per cent by March 2017.
Advances to weaker sections	10 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher
Differential Rate of Interest Scheme	1% of total advances outstanding as at the end of the previous year. Out of which 40% of the advances should go to SC/ST.
Credit to Women	5% of total ANBC

NEED OF THE STUDY

There are several studies on empowerment of women through priority sector lending by commercial banks operating in India. But no attempt was made to know the priority sector lending by Andhra Bank to women borrowers. Now the researcher made



an attempt to know the level of priority sector lending its trend and growth in Andhra Bank since nationalization of the Bank and its involvement in empowerment of women.. This study will help the Bank to improve its performance in lending to women borrowers under priority sector.

OBJECTIVE OF THE STUDY

The main objective of the study is to measure empowerment of women by Priority sector lending through different schemes by Andhra Bank since Nationalization of the Bank in 1980 and to know methods to improve the lending to women borrowers in priority sector.

The secondary objective is to know how the Bank is improving the status of women and empowerment through priority sector lending by Andhra Bank

SCOPE OF THE STUDY

The study on Priority sector lending will help the management to understand the factors affecting the implementation of the financial schemes of priority sector. This study will also provide some suggestions to the Bank Management to undertake various measures to improve the performance of the priority sector lending in Andhra Bank.

RESEARCH DESIGN

The study is mainly based on secondary data in the form of Bank's annual reports, RBI reports, Bank journals etc.

ANDHRA BANK

The Bank is established in the year 1923, by Sri Dr. Bhogaraju Pattabhi Seetharamaiah, a well known freedom fighter and National Congress President. He hails from Machilipatnam of Andhra Pradesh. The Bank is Nationalized in the year 1980 along with five other banks.

The total business of the Bank as on March, 2015 is Rs.284,588cr which includes deposits of Rs.155,012cr and advances of Rs.129,576cr. The Bank's net profit as on March, 2015 is Rs.638cr.

The Bank is having 4782 delivery channels which includes 2507 branches, 35 satellite offices, 2232 ATMs spread over 26 states and 3 union territories. 28.80% of the Branches are situated in rural areas, 27.52% of the branches in semi urban areas, 27.56% of branches in urban areas and 16.12% of the branches in Metro areas.

PRIORITY SECTOR LENDING BY ANDHRA BANK

Andhra Bank is lending under Priority Sector since nationalization of the Bank in 1980. The Bank is lending in all categories of priority sector like agriculture finance, SHG-Bank Linkage, Loans to Micro and Small Enterprises, MSME Loans, Housing Loans, Education loans, Loans to weaker section like small and marginal farmers, SC/ST, Differential Rate of Interest Loans, SGSY, SGSR loans, Loans to women borrowers, loans to minority communities, export credit, social infrastructure loans, loans for renewable energy etc.

Table.1: Priority sector lending since 1980 (Rs.in Cr.)

Category	1980*	March, 2010	March, 2011	March, 2012	March, 2013	March, 2014	March, 2015
Priority sector advances	128	19011	23082	27027	35132	41293	45508
% of P.S. advances	-----	42.79	40.65	37.29	41.29	41.47	40.71

- The year of Nationalisation of the Bank.
- The above table shows that the Bank is continuously reaching the target of 40% of priority sector advances except in the year 2011-12. The priority sector advances grew from Rs.128 cr to Rs.45508 cr by March, 2015.

The bank's priority sector lending is in all categories of priority sector to reach the set target of 40% by Reserve Bank of India. It is continuously reaching the target under agriculture finance, loans to weaker sections, loans to women borrowers etc.

The Bank is extending credit to women borrowers under priority sector under SHG-Bank Linkage program, through agriculture finance, loans to agriculture allied activities, women entrepreneurship loans, Education & Housing Loans etc.



S.No.	Year	Priority advances	sector	Net Bank Credit	% of Priority advances to Net Bank Credit
1.	2010-11	471		72205	0.65%
2.	2011-12	6376		84701	7.53%
3.	2012-13	8571		100327	8.54%
4.	2013-14	10600		110864	9.56%
5.	2014-15	10715		129733	8.26%

CREDIT TO WOMEN BORROWERS YEARWISE

The Bank is continuously exceeding the target of 5% prescribed by RBI to credit to women borrowers. The Bank is extending credit to women borrowers under different financial schemes for empowerment of women.

Table.2 : Credit to women borrowers year wise: (Rs.in cr.)

S.No.	Year	Amount	NetBank Credit	% to NBC
1.	2010-11	5413	72205	7.50%
2.	2011-12	6927	84701	8.18%
3.	2012-13	9791	100327	9.78%
4.	2013-14	12795	110864	11.54%
5.	2014-15	13784	129733	12.33%

The above table shows the Bank is continuously is exceeding the target of 5% prescribed Reserve Bank of India.

CREDIT TO WOMEN BORROWERS UNDER PRIORITY SECTOR

Credit to women under priority sector lending includes lending to agriculture (both direct and indirect finance agriculture), Finance to Micro & Small enterprises, micro credit, Education Loans, Housing Loans, credit to weaker sections, Loans to minorities etc. The Reserve Bank of India has prescribed target of 40% of net bank credit norm for finance to priority sector. Sub targets are also fixed for agriculture, loans to weaker sections, loans to minorities etc.

The below given table shows the credit to women borrowers under priority sector lending by Andhra Bank.

Table 3. Credit to Women under Priority Sector by Andhra Bank (rs.in cr.)

From the above table it is observed that the credit to women borrowers under priority sectors is showing constant growth from 0.65% in 2010-11 to 9.56% in 2013-14. But the same was reduced in the year 201-15 due to decrease in finance to SHG- Bank Linkage program, finance to agriculture sector and allied activities during the year 2014-15.

Table. 4: Category wise credit to women under Priority Sector by the Bank

S.No.	Category	(Rs. in Cr)							
		2011-12		2012-13		2013-14		2014-15	
		Amt.	% to NBC	Amt.	% to NBC	Amt.	% to NBC	Amt.	% to NBC
1	Micro credit	2906	3.43	3177	3.17	3848	3.47	4069	3.14
2.	SSI Sector	159	0.19	550	0.55	562	0.51	492	0.38
3.	Govt.Program	307	0.36	454	0.45	515	0.46	495	0.38
4.	Others	2902	3.54	4388	4.37	673	5.12	5658	4.36

The year 2014-15 has shown decreasing trend in finance to micro credit, SSI sectors, Govt. sponsored programs and other priority sector programs. It is due to debt waiver schemes announced by the state governments of Andhra Pradesh and Telangana. As there is no recovery, and no fresh loans were given by the Bank, hence there is negative growth in year 2014-15.

FINDINGS AND SUGGESTIONS

It is observed from the study that the Bank is exceeding the target of 5% of lending to women to total advances prescribed by RBI continuously every year and it is 12.33% in the year 2014-15.

- The percentage of finance made to women borrowers is showing uptrend except in the year 2014-15 under priority sector.



- Priority sector advances are continuously reaching the target of 40% except in the year 2012-13 (37.29%)
- Advances to agriculture also reaching the target of 18% set by RBI except in the year 2012-13 (17.19%).
- Loans to Micro & small enterprises and Micro credit is showing positive growth from March, 2010 to March 2015.
- Loans to microcredit decreased from 3.43% in 2011-12 to 3.14% in 2014-15.
- Loans to SSI Sector also increased from 0.19% in 2011-12 to 0.38% in 2014-15
- Credit to women borrowers is showing constant growth and continuously exceeding RBI norm of 5%. (12.33% in March, 2015)
- *Credit to SHG-Bank Linkage recorded constant growth, except in the year 14-15
- Loans to weaker sections is showing positive growth and it is continuously exceeding the RBI Norm of 10%. (12.49% in March, 2015)

SUGGESTIONS

- The Bank has to take steps to improve the performance of the credit to women borrowers under priority sector.
- The Bank has to take measure to improve the credit under ssi sector, and government sponsored programs to women borrowers.
- The Bank has to take steps to improve the performance of the credit to women borrowers under priority sector in agriculture finance, SHG-Bank Linkage, women entrepreneurs etc.
- The Bank has to concentrate on recovery of bad loans under credit to women borrowers.

CONCLUSION

The Bank is performing well in extending credit to women borrowers under priority sector and taking part in empowerment of women. Though there is negative trend in the year 2014-15, the overall performance under priority sector lending is excellent. The Bank has to take action against defaulters in the priority sector borrowers for speedy recovery of the loans. To empower women through priority sector lending by bank, it has to concentrate more on agriculture finance, shg-bank linkage program, women entrepreneur loans like retail loans, business loans. Then only the status of women will improve in society economically.

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