

CHAPTER - 6

INSTITUTIONAL FINANCE

6.1 The financial institutions are playing an important role in economic development by mobilization of deposits and credit disbursement to various sectors. The Government has increasingly begun to tap institutional finance from banks and other term lending institutions for financing various developmental programmes in the State in view of need to supplement plan financing. In this regard, Banks/Financial Institutions have an important role. However, credit should be utilized in prudent manner to maximize returns and spread the benefit over a wider section of the population.

6.2 The State Government has been making intensive efforts through planned development for strengthening infrastructure and developing human resources. In the liberalized economic scenario, financial institutions, particularly, banks have a vital role to play in accelerating the pace of development in providing resources for generating additional economic activities and income for the masses. The flow of institutional finance and credit support from Banks and other financial institutions (FIs) needs to be harnessed.

6.3 Various credit-based programmes like Swarn Jayanti Gram Swarozgar Yojana, Swarn Jayanti Shahari Rojgar Yojana, Prime Minister Employment Generation Programme and schemes for development of SC/ST and other poverty alleviation programmes are being implemented for the development of the weaker sections of the society with the active involvement of banks. The banks, particularly, the Regional Rural Banks, have helped in execution of various rural development schemes by providing credit support and thus they are fulfilling the national objective of enlistment of the weaker sections living below the poverty line.

6.4 The comparative data of bank offices, their deposits and credits in Rajasthan vis-a-vis at national level as on June 2009 is presented in the table given below: -

Table No. 6.1

S. No.	Item	RAJASTHAN		INDIA	
		March 09	June 09	March 09	June 09
1.	Regional Rural Banks				
	(a) No. of Offices	1040	1041	15010	15096
	(b) Deposits (Rs. in Crore)	7661	7746	118694	116895
	(c) Credit (Rs. in Crore)	4703	4689	67116	67079
2.	SBI & its Associates				
	(a) No. of Offices	969	974	15912	16242
	(b) Deposits (Rs. in Crore)	32821	34435	950797	961519

S. No.	Item	RAJASTHAN		INDIA	
		March 09	June 09	March 09	June 09
	(c) Credit (Rs. in Crore))	20865	20433	660075	654625
3	Nationalized Banks				
	(a) No. of Offices	1440	1451	39097	39422
	(b) Deposits (Rs. in Crore)	36400	36553	1947805	1969008
	(c) Credit (Rs. in Crore))	37948	39231	1442412	1403943
4	Foreign Banks				
	(a) No. of Offices	5	6	276	279
	(b) Deposits (Rs. in Crore)	412	461	204713	223307
	(c) Credit (Rs. in Crore)	787	760	168977	159922
5	Other Scheduled Commercial Banks				
	(a) No. of Offices	448	454	8761	8894
	(b) Deposits (Rs. in Crore)	14619	14130	715326	694593
	(c) Credit (Rs. in Crore)	9376	9130	518944	502782
Total (All Scheduled Commercial Banks)					
	(a) No. of Offices	3902	3926	79056	79933
	(b) Deposits (Rs. in Crore)	91914	93325	3937336	3965322
	(c) Credit (Rs. in Crore))	73680	74243	2857525	2788351
	Credit Deposit Ratio (%)	80.16	79.55	72.58	70.32

6.5 It is evident from the table that the credit deposit ratio for all scheduled commercial banks was 79.55 in Rajasthan and 70.32 at All India level as on June 2009 and the credit deposit ratio for Regional Rural Banks was 60.53 in Rajasthan and 57.38 at all India level.

Financial Inclusion

6.6 Financial Inclusion is the process of ensuring access of timely and adequate credit and financial services to disadvantaged group at on reasonable cost, with dignity and in time when people need them.

6.7 The pilot project for financial inclusion was launched in the State on 25th August 2006 at Rajsamand (SBBJ) with the objective of achieving 100% financial inclusion which was achieved before 31st March 2007. Encouraged by this success, districts like Dausa (UCO), Dholpur (PNB), Dungarpur (BOB), Jhalawar (CBI) and Sri Ganganagar (OBC) followed the suit and achieved 100% financial inclusion. The district-wise status of Financial Inclusion in these districts is as under:

Table No. 6.2

Name of the District	No. of families Surveyed	No. of Families already having Bank A/C	No. of Families covered under FI	No. of Migrant families	No. of Families not inclined to be linked	% Ach
Rajsamand	197056	93518	89076	-	14462	100
Dausa	245821	-	220992	3712	21117	100
Sriganganagar	322270	245891	69316	-	-	97.8
Jhalawar	192636	126061	66509	-	5882	99
Dungarpur	188188	-	188188	-	-	100
Dholpur	158777	108122	39515	5720	5420	100

Rural Infrastructure Development Fund (RIDF)

6.8 NABARD is providing loan assistance to State Government through the Rural Infrastructure Development Fund for completing the rural infrastructure projects since 1995-96. The fund is utilized on capital formation in agriculture and rural sector by supporting infrastructure investment in rural roads, rural bridges, medium/minor irrigation works, information & technology, flood protection, watershed development, drinking water, infrastructure for rural education, plantation, etc.

6.9 In Rajasthan, 21746 projects under RIDF tranches I to XIV up to 2008-09 have been sanctioned with a total loan assistance of Rs. 5396.43 crores against which total reimbursement is of Rs. 3729.75 crores. During 2009-10 (upto 22nd Dec, 2009), 1285 projects of irrigation, rural roads, rural drinking water supply, e-vikas kendra and hostels for SC/ST residents costing Rs. 1040.90 crores with the loan amount of Rs. 873.48 crores have been sanctioned under RIDF XV.

6.10 Position of projects/loan sanctioned and amount reimbursed by NABARD under RIDF X to XV is as under:-

Table No. 6.3

(Rs. in crores)

S. No.	RIDF Tranches	Year of Sanction	No. of Project sanctioned	Loan amount sanctioned	Amount Reimbursed
1	X	2004-05	2953	356.26	236.65
2	XI	2005-06	2318	605.13	477.41
3	XII	2006-07	2772	766.99	483.59
4	XIII	2007-08	2402	824.97	537.61
5	XIV	2008-09	957	1099.71	440.83
6	XV	2009-10 (Up to 22.12.09)	1285	873.48	99.37

6.11 Provision during the year 2009-10 for RIDF projects is as under:-

Table No. 6.4

(Rs. in crores)

S.N.	Department	Provision for 2009-10
1.	Water Resources	92.10
2.	PWD	276.00
3.	PHED	599.69
4.	Education	0.50
5.	Social Justice & Empowerment	5.00
6.	Information & Technology	15.00
7.	Agriculture Marketing Board	20.88
Total		1009.17