

CHAPTER - 6

INSTITUTIONAL FINANCE

6.1 Planning in States, as also at the National level is an exercise of optimizing maximum gains with scarce resources. Financial resources being limited have to be utilized in such a manner that maximum gains could be derived from them. Apart from the resources of the State, resources from institutional financing play a very important part in successful implementation of the plan programme.

6.2 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. However, credit should be utilized in prudent manner to maximize returns and spread the benefit over a wider section of the population.

6.3 Credit through bank is an important source of investment and development in the State. 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 including 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 March and June 2010 is presented in the table given below: -

Table No. 6.1

S. No.	Item	RAJASTHAN		INDIA	
		March 10	June 10	March 10	June 10
1.	Regional Rural Banks				
	(a) No. of Offices	1042	1044	15303	15413
	(b) Deposits (₹ in Crore)	8533	8360	142422	140078
	(c) Credit (₹ in Crore)	5814	5812	83503	83803
2.	SBI & its Associates				
	(a) No. of Offices	1019	1023	17112	17367
	(b) Deposits (₹ in Crore)	39633	41602	1035859	1033720

S. No.	Item	RAJASTHAN		INDIA	
		March 10	June 10	March 10	June 10
	(c) Credit (₹ in Crore))	25557	25120	773817	777093
3	Nationalized Banks				
	(a) No. of Offices	1542	1557	41421	41740
	(b) Deposits (₹ in Crore)	42369	42540	2388904	2329920
	(c) Credit (₹ in Crore))	50967	52049	1739301	1727779
4	Foreign Banks				
	(a) No. of Offices	6	6	288	295
	(b) Deposits (₹ in Crore)	412	403	227915	231168
	(c) Credit (₹ in Crore)	744	702	165596	178098
5	Other Scheduled Commercial Banks				
	(a) No. of Offices	481	486	9873	10171
	(b) Deposits (₹ in Crore)	16073	16082	806825	805244
	(c) Credit (₹ in Crore)	11327	10778	583403	589984
Total (All Scheduled Commercial Banks)					
	(a) No. of Offices	4090	4116	83997	84986
	(b) Deposits (₹ in Crore)	107021	108988	4601926	4540130
	(c) Credit (₹ in Crore))	94408	94460	3345619	3356757
	Credit Deposit Ratio (%)	88.22	86.67	72.70	73.94

6.5 It is evident from the table that the credit deposit ratio for all scheduled commercial banks was 86.67 percent in Rajasthan and 73.94 percent at All India level as on June 2010 and the credit deposit ratio for Regional Rural Banks was 69.52 percent in Rajasthan and 59.83 percent 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 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). 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.

6.8 Reserve Bank of India (RBI) has identified 25 under bank districts and 198 under bank blocks in the State, besides, 3911 villages having population (Census 2001) of 2000 or more with no bank branch. State Level Bankers Committee (SLBC) has drawn up plan/roadmap for providing banking services through a banking outlet in these villages by

March 2012. Such banking services may not necessarily be extended through a Brick & Mortar Branch but can be provided through any of the various forms of ICT based Models, including through BCs.

Rural Infrastructure Development Fund (RIDF)

6.9 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.

6.10 In Rajasthan, 25238 projects under RIDF tranches I to XVI upto December 2010 have been sanctioned with a total loan assistance of ₹ 7210.65 crore against which total reimbursement is of ₹ 4457.47 crore. During 2010-11 (upto December 2010), 1740 projects of rural roads, rural drinking water supply costing ₹ 1259.35 crore with the loan amount of ₹ 798.83 crore have been sanctioned under RIDF XVI.

6.11 Position of projects/loan sanctioned and amount reimbursed by NABARD under RIDF XI to XVI upto December 2010 is as under:-

Table No. 6.3

(₹ in crore)

S. No.	RIDF Tranches	Year of Sanction	No. of Project sanctioned	Loan amount sanctioned	Amount Reimbursed
1	XI	2005-06	2318	605.13	480.86
2	XII	2006-07	2772	766.99	528.36
3	XIII	2007-08	2402	824.97	588.89
4	XIV	2008-09	957	1099.71	694.51
5	XV	2009-10	1752	1015.39	335.12
6	XVI	2010-11	1740	798.83	35.23

Provision as per revised outlay for the Annual Plan 2010-11 for RIDF projects is as under:-

Table No. 6.4

(₹ in crore)

S.N.	Department	Total Provision
1.	Water Resources	101.41
2.	PWD	380.00

3.	PHED	547.21
4.	Forest	10.00
5.	Social Justice & Empowerment	12.68
6.	Information & Technology	15.05
7.	Women Empowerment	12.00
Total		1078.35