

CHAPTER 13

FINANCIAL INSTITUTIONS

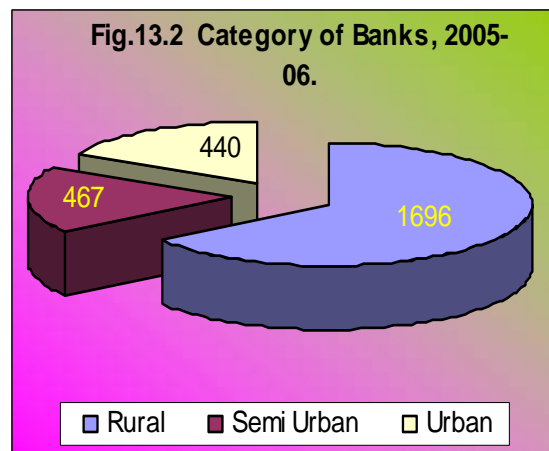
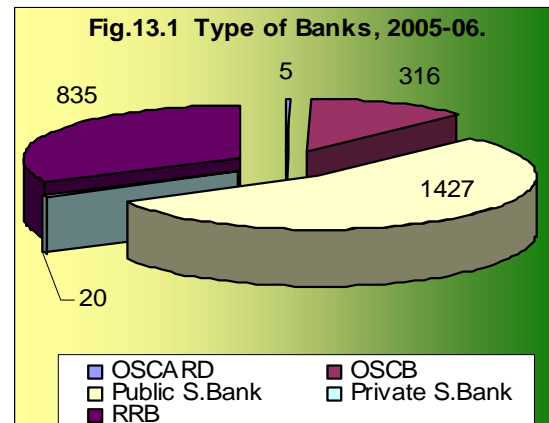
13.01 The Indian Banking system has undergone a dynamic change during the post nationalization period, i.e., from 1969 and has emerged as one of the important institutions for rapid economic growth. The vast network of financial Institutions helps the economy to augment its savings for more efficient utilization. There has been a phenomenal

growth and spread of banking services throughout the country particularly in rural areas. Commercial Banks were directed to open large number of rural and semi-urban branches and have shouldered the responsibility for mobilizing the public savings for developing the economy of the State.

BANKING INSTITUTIONS

BANKING

13.02 During 2005-06, 2,282 branches of different commercial banks were functioning in the State, which includes 1,427 branches of 24 Public Sector Banks, 20 branches of 10 private sector banks and 835 branches of 8 Regional Rural Banks (RRBs). In addition to these 316 branches of Orissa State Cooperative Banks and 5 branches of OSCARD Banks were also functioning in the State (Fig.13.1). Thus altogether 2,603 branches of different banks were functioning in the State, out of which 1,696 were belongs to rural, 467 branches in semi-urban and 440 were in urban areas (Fig.13.2). During 2005-06 the State has a bank for every 59.8 sq.km. area and served about 14.9 thousand population on an average.



13.03 During 2005-06, the total deposits made with these banks stood at Rs.33844.92 crore and advanced Rs.27,623.97 crore. Thus total business made by these banks stood at Rs.61,468.89 crore with credit – deposit ratio 81.62%. The credit-deposit ratio of urban branches were found highest i.e. 88.00% followed by rural branches 75.16% and semi urban branches 63.70%. Out of total Rs.27,623.97 crore advance made during 2005-06, agriculture advance constituted 23.66% (Rs. 6,536.78 crore), small scale industries sector 7.46% (Rs.2,061.56 crore) and services sector constituted 32.23% (Rs.8,902.58 crore) (Fig.13.3). Further, out of total advance, an amount of Rs.2,026.35 crore advanced to women while Rs.2,288.93 crore advanced to SC & STs. The bank wise key indicator during 2005-06 is presented in Table 13.1 and Fig.13.4 and Fig. 13.5.

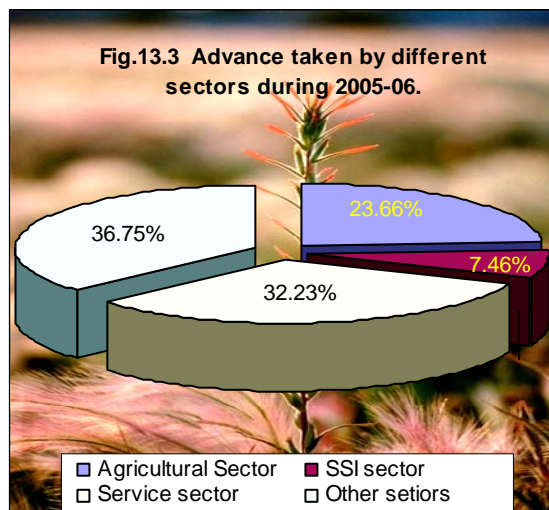
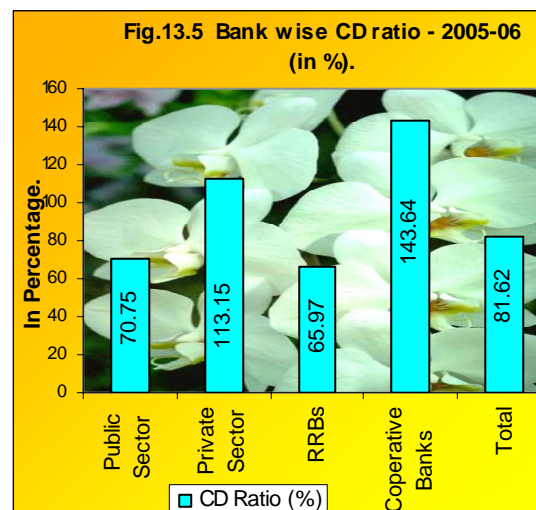
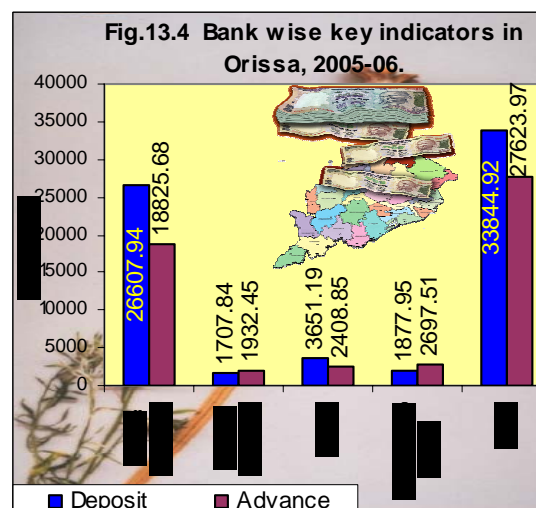


Table – 13.1

Block wise key indicators of Orissa, 2005-06.

(Rs. in Crore)

Commercial Banks	Total purchase	Total Deposit	Total Advance	CD Ratio
1	2	3	4	5
Public Sector	1427	26607.94	18825.68	70.75
Private Sector	20	1707.84	1932.45	113.15
RRBs	835	3651.19	2408.85	65.97
NABARD	-	-	1230.52	-
Total Commercial	2282	31966.97	24397.50	76.32
Cooperative	321	1877.95	2697.51	143.64
OSFC	-	-	478.81	-
SIDBI	-	-	50.15	-
G. Total	2603	33844.92	27623.97	81.62

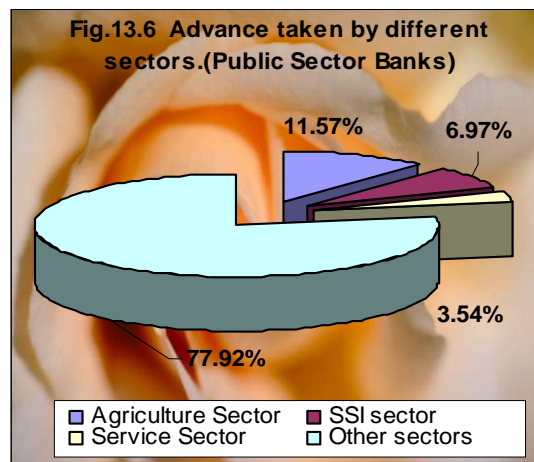


COMMERCIAL BANKS

Public Sector Banks

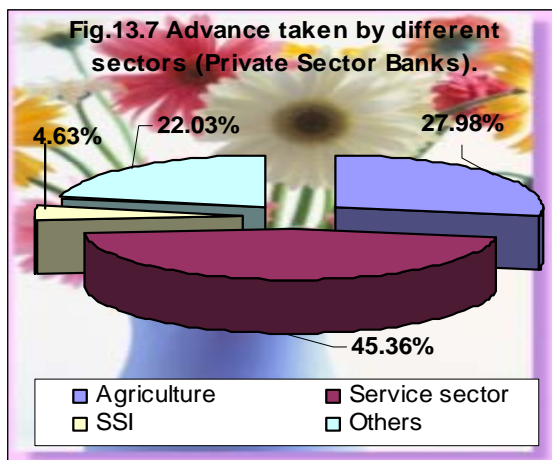
13.04 During 2004-05, there were 24 Public Sector Banks in the State with 1,408 branches which has been increased to 1,427 by the end of 2005-06. During 2005-06, deposits in these banks were of the order of Rs.26,607.94 crore and total advances were of the order of Rs.18,825.68 crore. The total business made by these banks were stood at Rs.45,433.62 crore.

13.05 The Credit Deposit ratio of Public Sector Banks, which was 64.56% in 2004-05, has increased to 70.75% by the end of 2005-06. Out of total advances of Rs.18,825.68 crore, about 11.57% were financed to agriculture, 6.97% to small scale industries sector and 3.54% to services sector (Fig.13.6). Out of total Rs.26,607.94 crore deposits, Rs.6,074.13 crore (22.8%) were from rural areas while out of total Rs.18,825.68 crore advance, an amount of Rs.4,119.02 crore (21.88%), were advanced in rural areas. The credit-deposit ratio for rural areas under Public Sector Banks stood at 67.81% while in case of semi urban and urban areas it stood at 58.57% and 79.0% respectively. Out of total advance as amount of Rs.1,21,455.00 lakh was advanced to SC/ST during 2005-06.



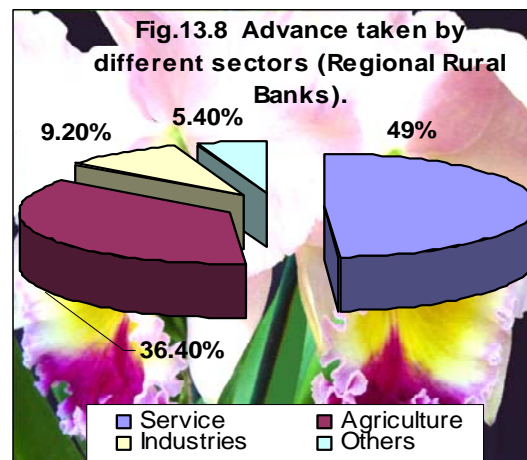
Private Sector Banks

13.06 During 2005-06, there were 10 Private sector banks in the State with 20 branches. Out of these 20 branches, 18 were in urban areas and 2 were in semi urban areas. There was no private sector bank in rural areas. During 2005-06, the deposit in these banks was recorded as Rs.1,707.84 crore and advanced Rs.1,932.45 crore, Rs.540.62 crore (27.98%) advanced to agriculture sector, Rs.876.59 crore (45.36%) advanced to services sector and Rs.89.51 crore (4.63%) were advanced to small scale industries sector (Fig.13.7). These Private sector banks were advanced only Rs.9.00 lakh to SC / ST during 2005-06. The credit deposit ratio under private sector banks during 2005-06 stood at 113.15% while it was 113.10% for urban areas, it stood at 118.10% in case of semi-urban areas.



REGIONAL RURAL BANKS (RRBs)

13.07 During 2005-06, 8 Gramya Banks with 835 branches were functioning in the State under 5 sponsoring banks namely, Andhra Bank, UCO Bank, State Bank of India, Bank of India, and Indian Overseas Bank. During 2005-06, the deposits made in these banks were Rs.3,651.19 crore and the total advances made were Rs.2,408.85 crore as against Rs.3,241.95 crore deposits and Rs.2,089.13 crore advances made during 2004-05. The credit-deposit ratio for RRBs was 64.44% during 2004-05. This has increased to 65.97% during 2005-06. Out of total Rs.2089.13 crore advanced during 2005-06, an amount of Rs.1,024.14 crore (49.0%) were advanced to Services sector followed by Rs.760.87 crore (36.4%) to Agricultural sector and Rs.191.68 crore (9.2%) to Industry sector (Fig. 13.8). The credit-deposit ratio for rural, semi urban and urban stood at 69.70%, 54.50% and 69.00% respectively. The RRBs have given an advance of Rs.556.63 crore to SC/ST and Rs.385.97 crore to Women.



13.08 Banks are playing a major role in economic development of any region by financing people for taking up income generating activities and promoting entrepreneurship through Self Help Groups and individuals which serves as a catalytic agent in creating and accelerating economic growth of the people. No. of commercial banks per lakh population serves as an important indicator of infrastructural development of any district as more the no. of banks better is the accessibility of the people. In regard to bank service (Scheduled Commercial Banks) Khurda district has an edge over other districts with as many as 10 banks (branches per lakh population), Sambalpur (9), followed by Cuttack, Jagatsinghpur, Jharsuguda, Puri, Deogarh, Sundargarh having 7 banks and Malkangiri, Nawarangpur having 4 and 3 branches respectively. The district wise no. of banks per lakh population is reflected in Map-I.

Map – I

CO-OPERATIVE BANKS

13.09 The Cooperative banking structure has a unique position in the rural credit delivery system. In spite of the entry of Commercial Banks to the rural areas in a big way, the Co-operative Credit institutions continue to play a crucial role in meeting the growing credit needs of rural areas. These institutions are owned by farmers and rural artisans with the objective of promoting thrift and credit along themselves. The Co-operative Credit Societies at the grass root level are intended not only to cater to the credit requirements of the members but also to provide credit linked services like input supply, storage, marketing etc.

13.10 The three-tier Short Term Cooperative Credit Structure in the State consists of 2,714 functional Primary Agricultural Cooperative Societies (PACS) including 212 large sized Adivasi Multipurpose Cooperative Societies

(LAMPS) functioning in the TSP areas and 6 Farmers Service Societies (FSS) at the grass root level, 17 District Central Cooperative Banks (DCCB) with 323 branches in the intermediary level and Orissa State Cooperative Bank (OSCB) with its 14 retail outlets at the Apex level. These Cooperative Credit Institutions with their vast network in the rural areas and accessibility to small, marginal farmers and marginalized section of the society are playing a vital role in dispensation of agricultural credit.

13.11 Out of total estimated agricultural families of 50.14 lakh in the State, the cooperative credit sector (PACS & LAMPS) have been enrolled 44.98 lakh farmers as their members as on 31.03.06. Thus, 89.70% of total agricultural families have been brought under the cooperatives fold for rendering services like agricultural loan, supply of agricultural inputs and empowerments. The details regarding the enrollment of members in PACS for the last four years is given in Table 13.2.

Table 13.2
Year-wise enrollment of Members in PACs.

Year	Total no. of agriculture families (Estimated)	Members enrolled under PACS	Members Coverage (%)
1	2	3	4
2002-03	50.14	39.33	79.44
2003-04	50.14	40.56	80.89
2004-05	50.14	44.75	89.25
2005-06	50.14	44.98	89.70

Source: Registrar, Cooperative Societies.

13.12 Kissan Credit Cards (KCC) scheme which aims at providing adequate and timely credit support to farmers for their agricultural operation in a flexible, hassle free and cost effective manner is being operated in the State. Since inception of the scheme, Cooperative Banks have issued 24,87,386 KCCs to farmer – members till 31st March 2006. During 2005-06, against the target to issue 2.92 lakh KCCs, 2.85 lakh cards were issued by Cooperative Banks.

13.13 Besides, 8,792 Swarozgar Credit Card valued at Rs.19.93 crore have also been issued by DCCBs and OSCBs.

Kalinga Kisan Gold Card (KKGCC)

13.14 The Kalinga Kisan Gold Card (KKGCC) scheme is an innovative and unique scheme designed by OSCB is being implemented in the State since 26th April 2001. The scheme aims at recognizing the regular recovery habits of farmer-members of the PACS affiliated to the various DCCBS and reward them with a package of facilities to create a conducive recovery climate in the State. Total 1,44,032 card have been issued to farmer-members till the end of March, 2006.

Kalinga Kisan Silver Card (KKSC)

13.15 KKSC was designed by OSCB which was launched on 20th November 2002 to motivate farmer members with one year default free status to continue with the habit of repayment in the subsequent years. The

scheme envisages the facility of 2% less interest on loans, consumption loan up to a limit of Rs.3,000/- reduced share linkage and legibility to get the Kalinga Kisan Gold Card by timely repayment during the second year. This scheme yield a good impact on the farmer members. By the end of March 2006, 1,63,041 KKSC have been issued to the farmer members.

13.16 The District Central Cooperative Banks have opened 19 branches exclusively for women. By the end of 2005-06 65,286 accounts have been opened and Rs.74.37 crore deposits were mobilised by these branches. During 2005-06 an amount of Rs.8.14 crore was outstanding. Recovery performance has been recorded as 80%.

13.17 During 2005-06, total deposit and total amount advanced by Cooperative Banks stood at Rs.1,877.95 crore and Rs.2,697.51 crore respectively, showing the Credit Deposit Ratio of 143.64% as against Rs.1,853.49 crore, Rs.2,275.54 crore and 122.77% respectively during 2004-05. During 2005-06, about 28.10% of the deposit has been tapped and 36.18% of the advance has been provided in the rural areas.

ORISSA SCHEDULED CASTE AND SCHEDULED TRIBE DEVELOPMENT FINANCE CO-OPERATIVE CORPORATION (OSFDC)

13.18 Orissa Scheduled Caste and Scheduled Tribe Development Finance Co-

operative Corporation were established during 1979-80 under Orissa State Co-operative Societies Act.1962. The main objective of this organization is to provide financial assistance to the poverty-stricken SC and ST families of the State and residing outside TSP, MADA, Cluster and Micro Project areas. The programmes implemented by OSFDC are as follows:

- i. *Special Central Assistance to Special Component Plan for development of Scheduled Castes.*
- ii. *Special Central Assistance to Tribal Sub-Plan for dispersed tribals outside ITDA, MADA, Micro Projects and Cluster areas.*
- iii. *National Scheme of Liberation and Rehabilitation of Scavengers (NSLRS).*
- iv. *Term loan scheme for SC, ST and scavengers with assistance from NSFDC, NSTFDC and NSKFDC.*
- v. *Term loan scheme for minorities with assistance from NMDFC.*

13.19 During 2005-06, OSFDC has financed an amount of Rs.1,887.81 lakh to 13,931 beneficiaries / SHGs belonging to SC, ST, Scavengers and other minorities under different programmes. The physical and financial achievement made by OSFDC during 2005-06 is presented in Table 13.3.

Table – 13.3
Physical & Financial Achievement
by OSFDC during 2005-06.
(Rs. in lakh)

Programme	Achievement		
	Physical	Financial (Rs. in lakh)	Per beneficiaries investment (In Rs.)
1	2	3	4
SCA to SCP(SC Sector)	10521	1333.90	12678.453
SCA to TSP(ST Sector)	2062	187.75	9105.2376
Scavenger & Dependants	675	63.11	9349.6296
Term Loan Scheme	453	257.65	56876.38
Micro Finance	220	45.40	20636.364
Total	13931	1887.81	13551.145

Source: OSFDC.

13.20 OSFDC has prepared an action plan to finance 39488 beneficiaries with an outlay of Rs.5177.91 crore subject to receipt of funds from Govt. of India and National Corporations.

ANNUAL CREDIT PLAN (ACP)

13.21 The District Level Co-ordination Committee (DLCC) of each district prepares the Annual Credit Plan (ACP). As per the ACP, banks extend loan facilities to the priority sectors. During 2005-06, an amount of Rs.5,594.01 crore loan assistance have been provided through banks, which exceeds the target by 26.7% fixed under ACP for 2005-06. It also exceeds by 15.6% over the loan assistance provided during 2004-05, which amounts to Rs.4,839.13 crore.

13.22 Out of total loan advanced during 2005-06, an amount of Rs.2, 700.71 crore (48.3%) was invested in agricultural sector, followed by services sector Rs.2, 506.54 crore (44.8%) and industries sector Rs.386.76 crore (6.9%).

13.23 Despite of erratic monsoon and prevalence of drought conditions in some part of the State, the performance of Banks in crop loan segment of agriculture sector was quite satisfactory. However, the overall achievement of banks in agriculture sector has to be boost up. It has been targeted to invest Rs.6,140.52 crore during 2006-07, out of which Rs.3,199.50 crore has been fixed for agricultural sector, Rs.484.94 crore for industrial sector and Rs.2,456.08 crore for services sector. Table 13.4 represents the sector wise target and achievement of Banks in priority sector under Annual Credit Plan, 2005-06.

Table – 13.4
Sector wise target and achievement of Banks in priority sector under the Annual Credit Plan, 2004-05 & 2005-06.

Sector	Target (Rs.in Cr.)	Achievement (Rs. in Cr.)	% of achievement
1	2	3	4
Agriculture			
Crop Loan			
2004-05	1371.00	1480.82	108.01
2005-06	1854.21	2111.10	113.85
Term Loan			
2004-05	326.83	237.12	72.55
2005-06	449.15	431.09	95.98
Allied Sector			
2004-05	138.37	186.09	134.49
2005-06	210.07	158.52	75.46
Total Agriculture			
2004-05	1836.20	1904.03	103.69
2005-06	2513.43	2700.71	107.45
Industries			
2004-05	358.56	252.06	70.30
2005-06	339.52	386.76	113.91
Services			
2004-05	1315.06	2683.04	204.02
2005-06	1562.47	2506.54	160.42
Total Loans			
2004-05	3509.82	4839.13	137.87
2005-06	4415.42	5594.01	126.69

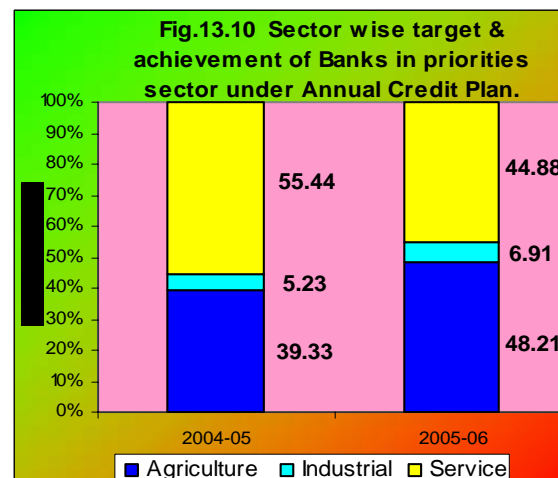
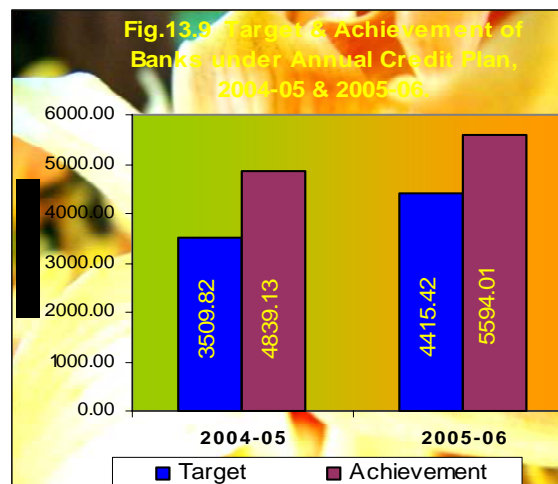
Source: State Level Bankers' Committee, Bhubaneswar.

13.24 The percentage of achievement of banks in priority sector under Annual Credit Plan is given in table 13.5 and fig. 13.9 & fig. 13.10 respectively.

Table - 13.5
Percentage of Achievement of Banks in Priority Sector under Annual Credit Plan

Sector	% to total Achievement 2004-05	% of achievement 2005-06
1	2	3
Agriculture	39.33	48.21
Industry	5.23	6.91
Service	55.44	44.88

Source: State Level Bankers' Committee, Bhubaneswar.



BANK ASSISTANCE UNDER DIFFERENT PROGRAMMES

Swarna Jayanti Gram Swarojgar Yojana (SGSY)

13.25 Swarna Jayanti Gram Swarojgar Yojana (SGSY) is a credit link scheme being implemented in the State since April, 1999. A major part of the investment under the scheme consist of Bank credit from various financial institutions comprising commercial Bank, Cooperative Banks and Regional Rural Banks. Bank wise physical and financial achievement made under SGSY during 2004-05 & 2005-06 is given in Table 13.6.

Table – 13.6
Bank-wise Achievement under SGSY
in Orissa 2004-05 and 2005-06.
(Rs. in crore)

Banks	No. of beneficiaries	Credit	Subsidy	Total disbursement	Credit subsidy ratio
1	2	3	4	5	6
Public Sector Banks					
2004-05	38371	57.20	34.68	91.88	1.64
2005-06	36609	61.60	33.96	95.56	1.81
Regional Rural Banks					
2004-05	23155	33.27	20.89	54.16	1.59
2005-06	22832	37.02	21.51	58.53	1.71
Cooperative Banks					
2004-05	4186	7.03	3.84	10.87	1.83
2005-06	4463	8.36	4.01	12.37	2.08
Total					
2004-05	65712	97.50	59.41	156.91	1.64
2005-06	63904	106.98	59.48	166.46	1.79

Source: SLBC, Bhubaneswar.

ASSISTANCE UNDER OTHER PROGRAMMES

Poverty Alleviation

13.26 Banks are providing financial assistance under various schemes viz.

PMRY, SGSY, SGSRY, Housing loan etc. During 2005-06 (up to May, 2006), an amount of Rs.125.27 crore was sanctioned to 18,506 beneficiaries under PMRY scheme out of which Rs.87.68 crore was disbursed to 15,658 beneficiaries. The percentage of disbursement is 69.99. Similarly, 84,407 cases were sponsored to different Banks under SGSY scheme, out of which 67,519 cases were sanctioned and an amount of Rs.166.56 crore was disbursed (credit Rs.106.98 crore + subsidy Rs.59.58) to 63,904 beneficiaries during 2005-06. Under SGSRY scheme, 2,423 applications were sponsored to different Banks, out of which Rs.44.75 crore were disbursed to 1,777 beneficiaries.

Industry

13.27 As on 31st March 2006, 900 cases were sponsored by Khadi and Village Industries Board for sanction of loan amounting to Rs.15.52 crore, out of which an amount of Rs.9.04 crore was sanctioned in favour of 354 cases and disbursement were made amounting to Rs.8.65 crore among 349 beneficiaries. Similarly, 594 cases were sponsored by Khadi and Village Industries Commission, during 2005-06. Out of these, Rs.8.79 crore was sanctioned in favour of 290 cases and an amount of Rs.5.75 crore was disbursed among of 229 target beneficiaries. As on 31.03.2006, 546 applications amounting to Rs.6.48 crore under KVIB and

344 applications amounting to Rs.9.0 crore under KVIC were pending with various banks.

Housing

13.28 Banks are also providing housing loan under different housing loan schemes. During 2005-06, an amount of Rs.18.27 crore was disbursed to 871 persons under Home Loan Scheme, Rs.419.53 crore disbursed to 18,749 beneficiaries under Golden Jubuli Rural Housing Scheme, and an amount of Rs.2.83 crore disbursed to 393 Ex-service men for construction of their houses. In addition to these Rs.56.57 crore was also disbursed to 1,241 persons under National Housing scheme during 2005-06 (till June '2006). During 2005-06, against the target of issuing 2,84,200 credit cards, 5,11,233 credit cards were issued amounting to Rs.1,838.27 crore. The details are given in table 13.7.

Table – 13.7
Achievement in distribution of Credit cards.

Credit Card	Target	Credit card issued	Amount (Rs. in crore)
1	2	3	4
Artisan Credit Card	9,200	1,930	6.68
Swarozgar Credit Card	60,000	24,326	57.62
Kissan Credit Card	2,15,000	4,84,977	1773.97
Total	2,84,200	5,11,233	1838.27

Source: SLBC, Bhubaneswar.

Information Technology

13.29 Besides, an amount of Rs.0.99 crore was sanctioned in favour of 95 applicants for establishment IT Kiosk, out of which Rs.0.83 crore has been disbursed in favour of 81 applicants as on March 2006. Further

Education loan amounting Rs.94.87 crore has been disbursed to 7193 students for higher education.

RECOVERY POSITION OF BANKS

13.30 The recovery position is the backbone of the progress of banking sector. Despite of several initiatives the position of recovery of loans has not been satisfactory, which is one of the major constraints to the growth of the banking business, as it increases non-performing assets (NPA) and affects the resource position and profitability of banks. In a less developed State like Orissa, where public sector investment is inadequate to meet the requirement, the recovery position of the banks needs to be improved for expanding credit facilities for developmental investment. Instruction was given by Government to District level Officials i.e. Collectors, Tahasildars and BDOs to take active interest towards loan recovery in recovery camps organized by the Banks.

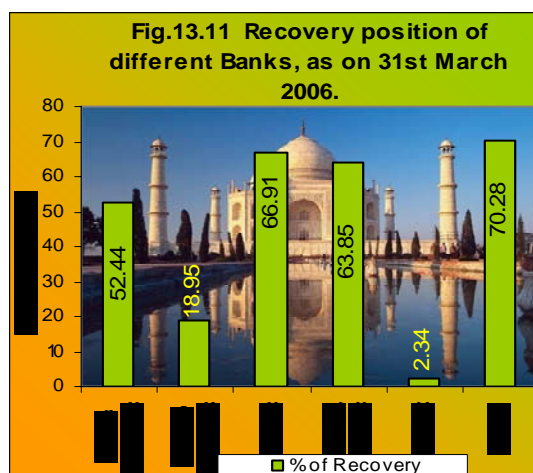
13.31 As on 31st March 2006, the demand for recovery by banks from the defaulting borrowers stood at Rs.5959.00 crore, out of which an amount of Rs.2,324.39 crore (41.07%) have been recovered where the overdue stood at 58.93% by the end of 2005-06 as against 39.62% during 2004-05. The recovery position of Orissa State Finance Corporation was very poor i.e. 2.34%. Among Commercial Banks, the recovery position of RRBs was highest (66.91%) followed by

Public Sector Banks (52.44%). The percentage of recovery incase of cooperative banks was also stood at 63.85%. Table 13.8 and Fig.13.11 depict the recovery position of different banks in the State as on 31st March 2006.

Table 13.8
Recovery position of different Banks,
as on 31st March 2006.

Banks	Demand	Collection	% of Recovery
1	2	3	4
Public Sector Banks	1147.66	601.84	52.44
Private Sector Banks	4.59	0.87	18.95
Regional Rural Banks	839.26	561.58	66.91
Total Commercial Banks	1991.51	1164.29	58.46
Cooperative Banks	1742.28	1112.45	63.85
Orissa State Finance Corporation	1921.24	44.87	2.34
SIDBI	3.97	2.78	70.28
Total	3667.49	1160.10	31.63
Grand Total	5659.00	2324.39	41.07

Source: SLBC, Bhubaneswar.



13.32 The recovery position in case of different Government sponsored schemes viz. IRDP, SGSY, PMRY were also very poor during 2005-06. Out of total demand of Rs.330.08 crore under IRDP/SGSY schemes,

an amount of Rs.93.88 crore was collected by different Banks, showing the percentage of recovery as 28.44%. Similarly, in case of PMRY scheme, out of total Rs.167.56 crore demands, Rs.34.30 crore was collected showing the percentage of recovery as 20.47%.

13.33 Various initiatives have been taken by the Banks for recovery of loan from the defaulters. By the end of 2005-06, 23,407 cases were filed with competent Authority under provision of OPDR Act for recovery of Rs.57.32 crore dues out of which 514 cases have been settled with recovery of Rs.0.50 crore. Table 13.9 shows the cases filed and settled under OPDR Act, as on 31st March 2006.

Table – 13.9
Cases filed by Banks under OPDR Act for
recovery of dues as on 31.03.2006.

(Rs. in crore)

Banks	Cases filed		Cases settled	
	No.	Amount	No.	Amount
1	2	3	4	5
Public Sector Banks	17428	51.44	102	0.37
RRBs	5979	5.88	412	0.13
Others	Nil	-	-	-
Total	23407	57.32	514	0.50

Source: SLBC, Bhubaneswar.

NON BANKING FINANCIAL COMPANIES (NBFC)

Orissa State Financial Corporation (OSFC)

13.34 Orissa State Financial Corporation was established in March 1956 and started its commercial operation since 1957-58. The Corporation provides financial assistance for

establishment of small and medium scale industries, hotels, nursing homes, acquisition of transport vehicles etc. in the State. Besides, the corporation is also providing financial assistance for modernization and renovation of sick industrial units. The corporation has financed Rs.1305.12 crore to 28,207 units and recovered an amount of Rs.16.08 crore by the end of 2005-06 (Table 13.10). The percentage of recovery stood at only 1.23%. During 2005-06, OSFC has not financed to any new industry.

Table – 13.10
Assistance of OSFC under different schemes as on 31.03.2006.

Type of Assistance	Cumulative Total	
	No. of units	Amount (Rs. in crore)
1	2	3
Rehabilitation of sick units	102	822.13
Modernization	58	815.2
Single Window Scheme		
a) Term loan	203	1206.07
b) Working capital		1188.94
Women entrepreneurs	176	591.24
Hire purchase	163	1188.93
National Equity Fund		1657.75
Factoring Services	349	15613.05
Others (specify)		
a) Cyclone Loan	733	5073.25
b) Composit Loan	5349	246.47
c) Equipment finance	6	67.01
d) Semfex	43	163.55
e) SRTOs	9137	26019.38
f) RTDM	26	683.52
g) Loans not covered above	11862	75175.88
Total	28207	130512.37

Source: OSFC, Cuttack.

PRIVATE NON-BANKING FINANCIAL COMPANIES

13.35 Private Non-Banking Financial Companies (NBFCs) play an important role in facilitating higher resource flow into the economy by mobilizing household savings. During 2005-06 only one private NBFC namely Micro Finance Ltd. was operating in Orissa. It's quantum of deposit has decreased from Rs.20.22 crore with 66,788 depositors in 2004-05 to Rs.13.92 crore with 48,983 depositors in 2005-06. Further its investment in Government securities stood at Rs.5.93 crore which constituted 37.4% of its total deposits.

ALL-INDIA FINANCIAL INSTITUTIONS

INVESTMENT INSTITUTIONS

POSTAL LIFE INSURANCE (PLI)

13.36 Department of Posts, Government of India provides life insurance cover under a number of schemes since 1984 for the employees working in Government, Public Sector, Banks and Government aided educational institutions, Local Bodies etc within the age limit 19 to 55 years. Postal Life Insurance business in the State went up to 7897 policies with assured sum of Rs.81.00 crore during 2005-06 as against 7001 policies and assured sum of Rs.60.60 crore in the previous year. Government of India have also introduced Rural Postal Life Insurance (RPLI) since 1995. During 2005-06, 52,306 persons were covered under the scheme with assured sum of Rs.262.10 crore as against 49,101 persons covered with assured sum of Rs. 218.64 crore in the previous year.

LIFE INSURANCE CORPORATION OF INDIA (LIC)

13.37 Life Insurance Corporation of India provides life insurance cover under a number

of schemes. The Corporation invests its funds in Government and other approved securities and extends development loan assistance in socially oriented sectors like power, drinking water supply, housing and sewerage, road transport and cooperative industrial units. It also provides term loans to industrial units and gives share/debenture and other resource support to term lending institutions.

13.38 LIC business in the State went up to 9,80,644 policies with assured sum of Rs.7,365.93 crore and 1st premium insured amounting Rs.354.68 crore during 2005-06. It has invested Rs.4043.37 crore in Orissa as on 31.03.2006 in Government securities as against Rs.3,510.87 crore as on 31.03.05. Out of Rs.4,043.37 crore invested in Orissa during 2005-06, 74.74% was State Government securities followed by investment in corporate sector is 20.89%. Table 13.11 presents sector wise investment of LIC as on 31.3.2006.

Table 13.11
Sector-wise Investment of LIC in Orissa.

ITEM	As on 31.03.05	% to Total	As on 31.03.05	% to Total
State Government securities	2814.43	80.16	3022.01	74.74
Land Development Bank Securities	0.32	0.01	0.32	0.01
Financial Bonds & Shares	22.02	0.63	22.02	0.54
Loans to				
State Govt. for Social Housing Scheme	30.08	0.86	26.78	0.66
Apex Cooperative Housing Social Housing Board	40.68	1.16	39.3	0.97
State Govt. Municipal Z.P. etc. for Water Supply Schemes	6.69	0.19	6.69	0.17
State Electricity Boards	9.33	0.27	6	0.15
Other Social sector Investment	75.81	2.16	75.7	1.87
Corporate Sector				
Shares, Debentures & Loan to Cooperative (Public, Co-op. & Pvt. Sector)	511.51	14.57	844.55	20.89
TOTAL	3510.87	100.00	4043.37	100.00

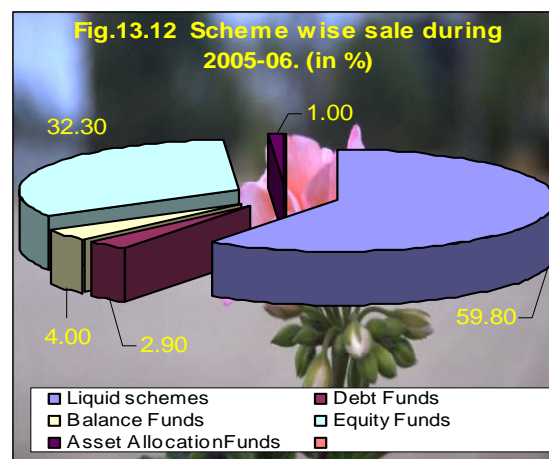
Source: LIC Central Office, Mumbai.

UNIT TRUST OF INDIA (UTI)

13.39 The Unit Trust of India (UTI) was established in 1964 with three main objectives namely (i) to contribute to India's industrial development by transforming household savings into corporate investment, (ii) to enable common investors to participate in the prosperity of the capital market through portfolio management aimed at reasonable return, liquidity and safety and (iii) to facilitate orderly development of the capital market. UTI offers a variety of saving and investment instruments in the form of units, which are sold primarily to the household savers, assuring them of safety, liquidity, regular return and capital appreciation. During 2005-06, UTI has sold its units with cash value of Rs.284.48 crore to 52,467 applicants under different schemes within the State in comparison to sale of units to 42,035 applicants with cash value of Rs.128.16 crore in the previous year. Out of total sale value of Rs.284.48 crore, sale under liquid fund was highest i.e. Rs.169.97 crore, which comprises 59.75% of the total sale value followed by the equity funds Rs.91.70 crore. Scheme wise sale figures during 2005-06 are given in Table 13.12 and Fig.13.12.

Table – 13.12
Scheme wise achievement of UTI, 2005-06.

Scheme / Plan	Application (in nos.)	Amount (Rs. in cr.)	% of sale
Liquid schemes	115	169.97	59.80
Debt Funds	256	8.42	2.90
Balance Funds	17619	11.38	4.00
Equity Funds	33503	91.69	32.30
Asset Allocation Funds	974	3.02	1.00
Total	52467	284.48	100.00



DEVELOPMENT FINANCIAL INSTITUTION – INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI)

13.40 Industrial Development Bank of India (IDBI) plays a crucial role and acts as an apex financial institution for the development of medium and large scale industries in the country. IDBI has diversified its activities in different areas of credit, merchant banking, stock exchange, capital market, corporate services and research. The promotional activities of IDBI include setting up of Technological Consultancy Organisations, sponsoring of Quality Testing Centres, Science and Technology Parks, Industrial Potential Survey, Entrepreneurship Development Programmes, and training programme for the employees of other development banks. During 2005-06, IDBI has sanctioned financial assistance to the tune of Rs.105.00 crore in favour of three industries and disbursed Rs.89.06 crore to 5 industries as against Rs.413.00 crore sanctioned in favour of 5 industries and disbursed Rs.81.15 crore to 3 industries during 2004-05.

**SMALL INDUSTRIES DEVELOPMENT
BANK OF INDIA (SIDBI)**

13.41 SIDBI was established on 2nd April, 1990 with the objective to serve as a principal financial institution for the promotion, financing and development of industries in the small scale sector especially in rural and semi urban areas, expanding the channels for marketing the products of SSI sector in domestic and overseas markets and coordinating the function of other financial institutions engaged in similar activities. SIDBI also provides refinance assistance for expansion, up-gradation, modernization and diversification of existing SSI units and rehabilitation of sick units through primary lending institutions such as State Financial Corporations. It also extends financial support to small road transport operators, qualified professionals for self-employment, small hospitals and nursing homes and to promote hotel and tourism related activities. During 2005-06, SIDBI has sanctioned loan amounting to Rs.35.76 crore in favour of 26 SSI/SME units and disbursed a sum of Rs.19.40 crore to 22 SSI / SME units, as against Rs.35.88 crore sanctioned in favour of 22 SSI / SME units and disbursement of Rs.14.72 crore to 17 SSI / SME units during 2004-05. Besides, SIDBI has sanctioned Rs.34.20 crore and disbursed Rs.9.20 crore to 4 Micro Finance Institutions for on lending to economically poorer sections of the society, especially women.

**NATIONAL BANK FOR AGRICULTURE
AND RURAL DEVELOPMENT (NABARD)**

13.42 NABARD, an apex financial institution for agriculture and rural development with the mission of promoting sustainable and equitable agriculture and rural prosperity through effective credit support and related services, institutional development and other innovative initiatives. NABARD has been extending credit support by way of refinance to the financial institutions in the spheres of short term, medium term and long term credit for agriculture, allied activities and activities under rural Non-Farm Sector. NABARD also extends assistance to the State Government for contributing the share capital of co-operative institutions. It also extends loan to the State Government, out of Rural Infrastructure Development Fund (RIDF) for development of social and economic infrastructure in the State. Besides, NABARD also provides financial assistance to the NGOs and other organizations working in this rural development sector directly in the form of grant – in – aids soft loans etc. to execute different promotional schemes in rural areas. From the year 1987-88, NABARD had prepared Potential Linked Credit Plans (PLPs) with a view to mapping the existing potential and evolving an appropriate mechanism through which such potential could be developed. The PLPs are refined every year taking in to account the infrastructure development during the interregnum,

introduction of new schemes and policy initiatives of Govt. of India, State Government, RBI and NABARD. As per the instruction of RBI, the Annual District Credit Plans of banks will be based on the potential identification in the PLPs.

13.43 For promotion of agriculture, minor irrigation, plantation, fishery, forestry, rural infrastructure etc., during 2005-06, NABARD has provided refinance assistance for investment credit activities of banks to the extent of Rs.280.06 crore in Orissa which is 13.20% lower than the refinancing assistance provided in 2004-05. Table 13.13 presents scheme wise refinance assistance provided by NABARD for the year 2004-05 and 2005-06.

Table – 13.13
Refinance Provided by
NABARD to different Sectors.

(Rs. in lakh)

Scheme	Assistance provided during	
	2004-05	2005-06
Minor Irrigation	257.321	101.596
Loan to OSEB / REC	0.000	0.000
Land Development	274.567	582.797
Farm Mechanisation	1705.457	2136.027
Plantation & Horticulture	146.293	208.647
Fishery (Marine & Inland)	188.502	96.179
Forestry	1.463	0.000
Dairy Development	187.992	90.969
Bio-gas	0.144	0.000
Poultry	141.935	41.767
IRDP/ITDP/SC & ST		
Action Plan/PMRY etc.	2649.350	2245.261
Non farm Sector	23241.917	17126.450
Sheep / Goat / Piggery	26.010	70.962
Other Farm Sector	3443.458	5305.500
Total	32264.409	28006.155

Source: NABARD, Bhubaneswar.

HOUSING AND URBAN DEVELOPMENT CORPORATION (HUDCO)

13.44 HUDCO is the apex techno-financial institution which provides assistance for urban

and rural housing programme and for infrastructure development projects including water supply schemes in the State. During 2005-06, HUDCO have sanctioned Housing Loan amounting to Rs.2.00 crore in favour of only one agency and disbursed Rs.0.89 crore. Besides, HUDCO have also sanctioned loan amounting to Rs.348.48 crore in favour of four agencies during 2005-06. Out of total demand for recovery of Rs.5, 265.93 crore, an amount of Rs.73.79 crore has been recovered during 2005-06, showing the percentage of recovery as 1.40% only.

ORISSA RURAL HOUSING AND DEVELOPMENT CORPORATION (ORHDC)

13.45 The Orissa Rural Housing and Development Corporation was established in the State in 1994. The main objectives of the ORHDC are as follows:

- To provide financial assistance for rural housing purposes directly to the individual borrowers, through voluntary groups.*
- To extend support to upgrade and innovate cost-effective housing technology and standardization of cost-effective building materials and construction components.*
- To provide long term finance to any Person/Persons/Company/Corporation etc. to construct / purchase house in Orissa for residential purpose on such terms and conditions as ORHDC may deem fit.*
- To promote rural housing activities and matters connected therewith or incidental thereto, particularly in providing managerial, administrative and financial support for successful*

functioning of Community Management Group and Building Centres.

13.46 ORHDC has sanctioned Rs.646.59 crore in favour of 1, 62,458 cases by the end of March 2006 and disbursed Rs.566.85 crore under different schemes. During 2005-06 an

amount of Rs.210.55 crore was recovered against the demand of Rs.452.86 crore. Scheme wise sanction, disbursement and recovery of loans as on 31st March, 2006 is given in table 13.14.

Table - 13.14

Achievement of ORHDC as on 31.03.2006

(Rs in Cr.)

Scheme	Sanctioned		Amount Disbursed	Demand for recovery	Amount received	% of Recovery
	No.	Amount				
EWS Housing (Kalinga kutir scheme)	28521	71.30	59.20	46.93	1.92	4.09
Credit linked Housing scheme	102286	358.00	296.71	155.56	17.49	11.24
Loan to PSU/ Govt. Employees	28364	126.36	126.36	132.17	122.43	92.63
Individual Housing Finance Scheme	3195	60.82	58.88	76.24	47.96	62.91
Builder / Project Finance	25	19.74	19.74	37.43	20.48	54.72
Building Centre Finance	67	10.37	5.96	4.53	0.27	5.96
Total	162458	646.59	566.85	452.86	210.55	46.49

Source: ORHDC, Bhubaneswar.

BHUBANESWAR STOCK EXCHANGE

13.47 The Bhubaneswar Stock Exchange was established in April, 1989 as a public company limited by guarantee in order to primarily mobilise local savings for investment in local enterprises. The Exchange started trading operations in January, 1991 after being recognised by the Ministry of Finance, Government of India under the provisions of the Securities Contracts (Regulation) Act, 1956. During 2005-06, there were 181 members including 18 corporate members. During the same year, 66 companies comprising 45 regional companies, i.e, companies with head offices registered in Orissa and 21 non-regional companies, i.e, companies with head offices registered outside the State, were listed on the

Bhubaneswar Stock Exchange. The non-regional companies listed on the Exchange are mostly those carrying out a significant level of manufacturing or other business activity in Orissa. The listed companies are NALCO, J. K. Corporation Ltd., Orient Paper and Industries Ltd., Orissa Cement Ltd., Orissa Sponge Iron Ltd., Indo Flogates Ltd., NICCO Corporation Ltd., Orissa Industries Ltd., Ispat Alloys Ltd., Mid-east Integrated Steels Ltd. etc. In addition, trading in the securities of a number of unlisted companies, called permitted companies, is also allowed to take place in the Exchange. The member-brokers of the Stock Exchange are conducting trading business in the National Stock Exchange (NSE) segment of ISE Securities & Services Ltd; Navi Mumbai a wholly owned

subsidiary company of Inter-connected Stock Exchange of India Ltd. (ISE), Navi Mumbai, wherein Bhubaneswar Stock Exchange is a promoter member, at an average daily turnover of Rs.7.25 crore. Activities of Bhubaneswar stock Exchange for the last three years are given in table 13.15.

Table - 13.15
Activities of Bhubaneswar Stock Exchange.

Year	Total member	Total corporate member	No. of companies listed		Annual Trading Value (Rs. in Cr.)
			Regional	Non regional	
2003-04	202	18	46	21	Nil
2004-05	202	18	46	21	Nil
2005-06	181	18	46	21	Nil

Source: Stock Exchange. Bhubaneswar.

