

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 2006-07, 2414 branches of different commercial banks were functioning in the State, which includes 1518 branches of 25 Public Sector Banks, 47 branches of 10 private sector banks and 849 branches of 6 Regional Rural Banks (RRBs). In addition to these 316 branches of Orissa State Cooperative Banks (OSCB) and 5 branches of OSCARD Banks were also functioning in the State. Thus, altogether 2735 branches of different banks were functioning in the State, out of which 1703 branches in rural, 525 branches in semi-urban and 507 in urban areas. During 2006-07, the State has a bank for every 56.9 sq. km. area and served about 14.3 thousand population on an average.

13.03 During 2006-07, the total deposits made with these banks stood at Rs.43163.96

crore and advance figure was Rs.34318.70 crore. The total business, thus made by these banks, stood at Rs.77482.66 crore with credit –deposit ratio of 79.51%. The credit-deposit ratio of rural branches were found highest, i.e., 90.93% followed by urban branches 86.00% and semi urban branches 58.31%. Out of total Rs.34318.70 crore advances made during 2006-07, agriculture advance constituted 25.81% (Rs. 8858.56 crore), small scale industries sector 7.20% (Rs.2471.29 crore) and services sector constituted 25.90% (Rs.8887.72 crore). Further, out of the total advance made an amount of Rs.2287.81 crore was advanced to women while Rs.2870.63 crore was advanced to SCs & STs. The bank-wise key indicators during 2006-07 is presented in Table 13.1.

Table – 13.1
Bank wise key indicators
of Orissa, 2006-07.

(Rs. in Crore)

Banks	Total branches	Total Deposit	Total Advance	CD Ratio
1	2	3	4	5
Public Sector	1518	33989.75	22876.42	67.30
Private Sector	47	2759.82	3332.50	120.75
RRBs	849	4287.59	2838.18	66.20
NABARD	-	-	1473.06	-
Total Commercial	2414	41037.16	30520.16	74.37
Cooperative	321	2126.80	3250.24	152.82
OSFC	-	-	469.45	-
SIDBI	-	-	78.85	-
G. Total	2735	43163.96	34318.70	79.51

Source: State Level Bankers' Committee, Bhubaneswar.

COMMERCIAL BANKS

Public Sector Banks

13.04 During 2006-07, there were 25 Public Sector Banks in the State with 1518 branches as against 24 banks, and 1427 branches by the end of 2005-06. During 2006-07, deposits in these banks were to the tune of Rs.33989.75 crore and total advances were of the order of Rs.22876.41 crore. The total business made by these banks stood at Rs.56866.16 crore.

13.05 The Credit Deposit ratio of Public Sector Banks, which was 70.75% in 2005-06, has decreased to 67.30% by the end of 2006-07. Out of total advances of Rs.22876.41 crore, about 13.18% financed to agriculture, 7.17% to small scale industries sector and 32.00% to services sector. Out of total Rs.33989.75 crore deposits, Rs.6843.75 crore (20.1%) was from rural areas while out of total

Rs.22876.41 crore advance, an amount of Rs.4638.98 crore (20.28%), was advanced in rural areas. The credit-deposit ratio for rural areas under Public Sector Banks stood at 67.78% while in case of semi urban and urban areas it stood at 52.20% and 76.0% respectively. Out of total advance, an amount of Rs.1294.66 crore was advanced to SCs/STs during 2006-07.

Private Sector Banks

13.06 During 2006-07, there were 10 Private sector banks in the State with 47 branches. Out of these 47 branches, 41 were in urban areas and 6 were in semi urban areas. There were no private sector banks in rural areas. During 2006-07, the deposits and advances in these banks were of the order of Rs.2759.82 crore and Rs.3332.50 crore respectively. Out of total advance, Rs.471.61 crore (14.15%) advanced to agriculture sector, Rs.684.05 crore (20.53%) to services sector and Rs.85.80 crore (2.57%) to small scale industries sector. These Private sector banks were advanced only Rs.1.84 lakh to SCs / STs during 2006-07. The credit deposit ratio under private sector banks during 2006-07 stood at 120.75% while it was 124.00% for urban areas, it stood at 67.38% in case of semi-urban areas.

REGIONAL RURAL BANKS (RRBs)

13.07 During 2006-07, 6 Gramya Banks (RRBs) with 849 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 2006-07, the deposits made in these banks were Rs.4287.59 crore and the total advances made were Rs.2838.18 crore as against Rs.3651.19 crore deposits and Rs.2408.85 crore advances made during 2005-06. The credit-deposit ratio for RRBs was 65.97% during 2005-06 has increased to 66.20% during 2006-07. Out of total Rs.2838.18 crore advanced during 2006-07, an amount of Rs.1066.28 crore (37.57%) was advanced to Services sector followed by Rs.1048.84 crore (36.95%) to Agricultural sector and Rs.206.72 crore (7.28%) to Industry sector. The credit-deposit ratio for rural, semi urban and urban stood at 70.32%, 54.55% and 67.00% respectively. The RRBs have given an advance of Rs.679.68 crore to SCs/STs and Rs.496.60 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. Number of commercial banks per lakh population serves as an important indicator of infrastructural development of any district. More the no. of banks, there is better accessibility to income generating activities for the people. In regard to bank services (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.

CORPORATIVE BANKS

13.09 The Cooperative Banking Structure play a pivot role in dispensation of both farm and non farm credit in the state. The credit cooperative societies, formed and owned by farmers, artisans and unemployed youths, help to promote thrift, domestic saving and cater to their various credit requirements. Cooperative credit structure consists of three important seeks namely (i) short term cooperative credit sector, (ii) long term cooperative credit sector and (iii) cooperative urban banks sector. Short term credit cooperative sector provides agricultural inputs, like certified high varieties of seeds, fertilizers, pesticides and agricultural implements. It also renders assistance for storage and marketing of agricultural produces and help farm members to get good remuneration for the produces.

13.10 Short term cooperative credit sector comprises of three tier structure, with 2714 primary agriculture cooperative societies at the grass root levels including 212 Large Sized Adivasi Multi Purpose Cooperative Societies (LSAMPS) functioning in the Tribal

sub plan areas, and 6 farmers service cooperative societies, 17 District Cooperative Central Banks (DCCB) with 323 branches at Block headquarter at the intermediary level and the Orissa State Cooperative Bank with 14 retail outlets at the apex level. These PACS, LAMPCS and FSCS with their vast outreach and wide net work provide easy accessibility of credit to small and marginal farmers and marginalized section of the society. The market share of short term cooperative credit sector in dispensation of short term agricultural credit vis-à-vis commercial banks and Regional Rural Banks is 67% in 2005-06 and 2006-07.

Coverage of Agricultural Families

13.11 Cooperative has been giving due priority to enrollment of members of agricultural families as member of primary agriculture cooperative societies which function at the grass root levels and LAMPCS in the tribal sub plan areas. In 2006-07, there are 52.09 lakh members of agricultural families, of which cooperatives have enrolled 46.41 lakh reflecting 89%.

Kissan Credit Cards (KCC)

13.12 The scheme came in to existence in 1998-99 with a view to ensure smooth and uninterrupted flow of farm credit to farmers. By the end of 2006-07, Cooperative through its network comprising of 2,715 PACS and LAMPCS have issued 26,90,812 KCC to member farmers. The commercial Banks and

Regional Rural Banks taken together have issued 9.00 lakh KCC. The market share of cooperative sector in issue of KCC is 83.85%.

Kalinga Kissan Gold Cards (KKGC)

13.13 With a view to motivate farmer members for timely repayment of loan, innovative scheme named "Kalinga Kissan Gold Card" designed by Orissa state Cooperative Bank was introduced in April, 2001. The farmer members of the PACS with a default free status of at least two years are eligible under the scheme and get the benefit of a package of facilities viz. loans with less interest, free accident insurance, concession on share linkage in respect of all loans, educational loans for their children, free to purchase fertilizers and pesticides from any retail outlets of their choice etc. As on 31st March, 2007 Gold Cards have been issued to 2,34,512 members.

Kalinga Kissan Silver Cards (KKSC)

13.14 With a view to motivate farmer members with one year default free status to continue with the habit at repayment, "Kalinga Kissan Silver Card" has been introduced by OSCB since November, 2007. As on 31.03.2007, about 2,47,087 KKSC have been issued to the eligible members.

Finance for Seasonal Agricultural operations

13.15 The Short Term Cooperative Credit Structure provides around 65% - 70% of the total crop loan disbursed in the state.

Although the share of agricultural credit by the cooperatives has declined at the national level to 27%, the Cooperative Banks in Orissa have retained their share over the years and continued to finance the larger part of short term loans. In 1995-96 crop loan to the tune of Rs.537.23 crore was provided to 7.45 lakh numbers. In 2006-07, there has been a quantum jump both in number of members and amount of finance through the cooperative network. The Loan disbursed increased to Rs.1559.17 crore and number of loanee members to 13.04 lakh.

Relief to Farmer

13.16 Orissa State Cooperative Bank, through the DCCBs and PACS, has implemented the Government of India / NABARD scheme to provide relief to 'farmers in distress' (farmers affected by natural calamities during 2 consecutive years) and 'farmers in arrears' (non willful defaulters for 2 consecutive years having partly repaid up to 20%) and converted / rescheduled the outstanding loans of 4,88,217 farmer members aggregating to Rs.466.26 crore by 31.12.05. In this manner, these farmer members have once again become eligible to avail of fresh finance from the Cooperative Banks. Till the end of November, 2006, 2,73,708 re-eligible farmers have been provided crop loans amounting to Rs.190.75 crore.

Deposit Mobilization

13.17 Cooperative Sector through Mini Banks of PACS, Branches of District Central Cooperative Bank mobilize deposit and render banking services at rural and remote areas. There has been a quantum jump in deposit mobilization from 1995-96 vis-à-vis 2006-07. In 1995-96, deposit of Rs.370.09 crore could be mobilized while in 2006-07, it increased to Rs.1954.18 crore. Cooperative however command market share of 4.15% of total deposit mobilized by both commercial banks and RRBs. Although the Short Term Cooperative Credit Structure in Orissa is dispensing around 69% of the total amount of crop loan disbursed in the State, its market share in the total deposit resources mobilized in the state is only 6.01%. The comparative position of the market share of different banks in the total deposits is indicated in Table 13.2.

Table -13.2

The comparative position of the market share of different banks in the total deposits.

Year	Commercial Banks	Coop. Banks	Total Deposits	Share of coop. Banks	Share of Commercial Banks
2002-03	21006.85	1591.85	22598.70	7.04%	92.95%
2003-04	23359.86	1761.25	25121.11	7.01%	92.99%
2004-05	27372.64	1863.49	29236.13	6.38%	93.62%
2005-06	31966.97	1955.75	33922.72	5.76%	94.22%
2006-07 (up to 30.09.06)	35460.41	1594.18	37054.59	4.15%	95.85%

Source: State Level Bankers' Committee, Bhubaneswar.

Credit Linkage to SHG

13.18 In order to provide the benefit of institutional credit to the poorest and marginalized sections of the society, the Short Term Cooperative Credit Structure initiated the bank linkage programme for the Self Help Groups (SHGs) from the year 2000-01 through the PACS and the DCCB branches. Since inception to till the end of January, 2006, 37290 groups with about 6 lakh members have been organised and steps are being taken to link all the SHGs with the DCCBs / PACS to provide them credit support in an effective and sustained manner. By 03.11.06, 22367 groups have been provided credit support of Rs.45.76 crore.

Credit Linkage to Tenant Farmers Group (TFG)

13.19 In order to provide sharecroppers / tenant farmers and oral lessees access to the institutional credit, which had hitherto been denied to them, after implementation of the Kissan Credit Card Scheme, Orissa has taken the lead in organizing exclusive Self Help Groups for them with the facility of 1:10 deposit credit ratio in place of the regular 1:4 by 31.12.06, 3,525 such groups have been organised, of which 2,197 groups have been provided credit amounting to Rs. 5.09 crore.

Swarojgar Credit Card

13.20 The "Swarojgar Credit Card" (SCC) scheme was introduced in the State after an announcement to the effect was made by the Prime Minister of India in his Independence

Day speech on 15th August, 2003. The scheme aims at providing adequate, timely and instant credit i.e. working capital, block capital or both for providing self employment through various income generating activities to small artisans, handloom weavers, service sector, fishermen, self employed persons, rickshaw owners and other micro entrepreneurs etc. By 30.11.06, 4797 beneficiaries have been financed by the District Central Cooperative Banks and the branches of the Orissa State Cooperative Bank to the extent of Rs.11.56 crore.

Implementation of Revival Package for Short Term Credit Cooperative Sector

13.21 The government of Orissa has accepted in principle the revival package for Short Term Credit Cooperative Sector as per recommendation of Vaidyanathan Committee. The Revitalization Package envisages financial assistance in shape of recapitalization for PACS, Cooperative Central Banks and Orissa State Cooperative Bank. The total quantum of assistance for Short Term Credit Cooperative Sector in Orissa comes to Rs.772.05 crore. The ratio of contribution of Government of India will be 83.59% / Government of Orissa with 9.27% and PACS with 7.14% of total amount. The Memorandum of Understanding was signed among Government of India, Govt. of Orissa and NABARD in November, 2006 Ordinance amending required provision of Orissa Cooperative Act. 1962 has been

promulgated in September, 2007 as a part of legal reforms to facilitate implementation of Revival Package. Provision of Rs.3683.94 lakh have been made in the Budget for 2007-08 towards the state Government share in the package. It is expected that first installment of the package amount to Rs.337.93 crores would be released soon. The required training and orientation have been imparted to the personnel's of OSCB, Credit Co- Operative (CC) Banks and PACS for effective implementation of Revival Package. The Revival Package is expected to bring about qualitative revival and restructuring of Short Term Credit Sector to render meaningful services to farmer members of the state.

LONG TERM CREDIT COOPERATIVE STRUCTURE

13.22 The long term credit cooperative structure is a two tier structure consisting of Orissa State Cooperative Agriculture and Research Development (OSCARD) Bank at the apex level and 56 Primary Cooperative Agricultural and Rural Development Banks in the state. These CARD Banks operating at sub-divisional levels provide long term credit support for capital investment under land development, minor irrigation, favour mechanization, inland fisheries, plantation and horticulture. They also provide finance under non- farm activities like small road transport operators, Small Scale Industries composite schemes. These sectors get refinance facility from NABARD. During 2005-06, long term

Cooperative Credit Sector provided finance of Rs.7.54 crores. During 2006-07 no finance was provided by this sector on account of non release of line of credit from NABARD.

COOPERATIVE URBAN BANKS

13.23 At present, 14 Cooperative Urban Banks are functioning in the state to provide credit support to artisans, entrepreneurs, unemployed youths and petty businessmen for self employment. These banks command a perceptible stake in dispensation of credit support under priority sector and more particularly to weaker sections of the society. These banks have mobilized deposit of Rs.602.81 crores and provided finance to the tune of Rs.421.52 crores in 2006-07.

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

13.24 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:

- *Special Central Assistance to Special Component Plan for development of Scheduled Castes.*

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

13.25 During 2006-07, OSFDC has financed an amount of Rs.1444.16 lakh to 22583 beneficiaries / SHGs belonging to SC, ST, Scavengers and other minorities under different programmes. The physical and financial achievement made by OSFDC during 2006-07 is presented in Table 13.3.

Table – 13.3
Physical & Financial Achievement
by OSFDC during 2006-07.

(Rs. in lakh)

Programme	Achievement		
	Physical	Financial (Rs. in lakh)	Per beneficiaries investment (In Rs.)
1	2	3	4
SCA to SCP(SC Sector)	14201	1015.49	7151
SCA to TSP(ST Sector)	7616	344.14	4519
Scavenger & Dependants	746	74.15	9940
Term Loan Scheme	20	10.38	51900
Total	22583	1444.16	6395

Source: OSFDC.

13.26 OSFDC has prepared an action plan to finance 34485 beneficiaries with an outlay of Rs.4454.29 lakh during 2007-08, subject to receipt of funds from Govt. of India and National Corporations.

ANNUAL CREDIT PLAN (ACP)

13.27 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 2006-07, an amount of Rs.6739.75 crore of loan assistance has been provided through banks, which exceeds the target by 19.67% fixed under ACP for 2006-07. It also exceeds by 20.48% over the loan assistance provided during 2005-06, which amounts to Rs.5594.01 crore.

13.28 Out of total loan advanced during 2006-07, an amount of Rs.3458.26 crore (51.3%) was invested in agricultural sector, followed by services sector Rs.2784.23 crore (41.3%) and industries sector Rs.497.26 crore (7.4%).

13.29 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 boosted up. It has been targeted to invest Rs.7262.24 crore during 2007-08, out of which Rs.3738.49 crore has been fixed for agricultural sector, Rs.775.54 crore for industrial sector and Rs.2748.21 crore for services sector. Table 13.4 represents the sector wise target and achievement of Banks in priority sector under Annual Credit Plan, 2006-07.

Table – 13.4

Sector wise target and achievement of Banks in priority sector under the Annual Credit Plan 2004-05 to 2006-07.

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
2006-07	2335.97	2493.68	106.75
Term Loan			
2004-05	326.83	237.12	72.55
2005-06	449.15	431.09	95.98
2006-07	574.19	702.82	122.40
Allied Sector			
2004-05	138.37	186.09	134.49
2005-06	210.07	158.52	75.46
2006-07	289.34	261.76	90.47
Total Agriculture			
2004-05	1836.20	1904.03	103.69
2005-06	2513.43	2700.71	107.45
2006-07	3199.50	3458.26	108.09
Industries			
2004-05	358.56	252.06	70.30
2005-06	339.52	386.76	113.91
2006-07	486.10	497.26	102.30
Services			
2004-05	1315.06	2683.04	204.02
2005-06	1562.47	2506.54	160.42
2006-07	2460.06	2784.23	113.18
Total Loans			
2004-05	3509.82	4839.13	137.87
2005-06	4415.42	5594.01	126.69
2006-07	6145.66	6739.75	119.67

Source: State Level Bankers' Committee, Bhubaneswar.

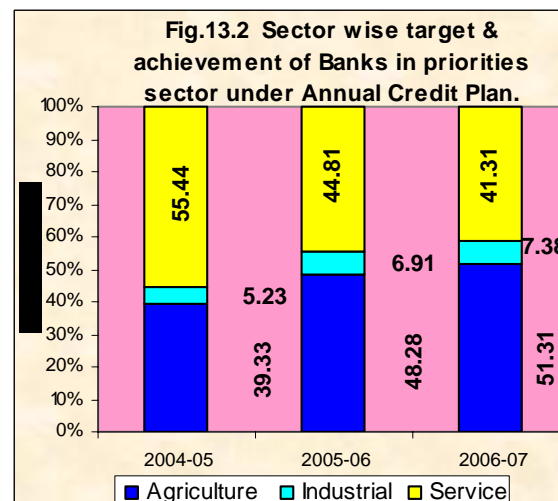
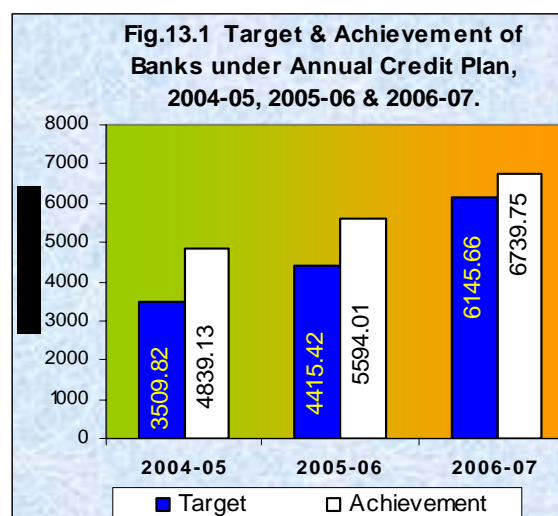
13.30 The percentage of achievement of banks in priority sector under Annual Credit Plan is given in table 13.5 and fig. 13.1 & fig. 13.2 respectively.

Table - 13.5

Percentage of Achievement of Banks in Priority Sector under Annual Credit Plan.

Sector	Percentage of Achievement (%)		
	2004-05	2005-06	2006-07
Agriculture	39.33	48.28	51.31
Industry	5.23	6.91	7.38
Services	55.44	44.81	41.31

Source: State Level Bankers' Committee, Bhubaneswar.



BANK ASSISTANCE UNDER DIFFERENT PROGRAMMES**Swarna Jayanti Gram Swarojgar Yojana (SGSY)**

13.31 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 consists 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 to 2006-07 is given in Table 13.6.

Table – 13.6**Bank-wise Achievement under SGSY in Orissa 2004-05, 2005-06 & 2006-07.**

(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
2006-07	N.R.	N.R.	N.R.	N.R.	N.R.
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
2006-07	N.R.	N.R.	N.R.	N.R.	N.R.
Cooperative Banks					
2004-05	4186	7.03	3.84	10.87	1.83
2005-06	4463	8.36	4.01	12.37	2.08
2006-07	N.R.	N.R.	N.R.	N.R.	N.R.
Total					
2004-05	65712	97.50	59.41	156.91	1.64
2005-06	63904	106.98	59.48	166.46	1.79
2006-07	68687	140.07	62.20	202.27	2.25

Source: SLBC, Bhubaneswar.

Poverty Alleviation

13.32 Banks are providing financial assistance under various other schemes viz. PMRY, SGSRY, Housing loan etc. During 2006-07 (up to May, 2007), an amount of Rs.109.62 crore was sanctioned to 16,900 beneficiaries under PMRY scheme out of which Rs.70.41 crore was disbursed to 14,036 beneficiaries. The percentage of disbursement to sanction is 83.05. Similarly, 85,429 cases were sponsored to different Banks under SGSY scheme, out of which 70,399 cases were sanctioned and an amount of Rs.202.27 crore was disbursed (credit Rs.140.07 crore + subsidy Rs.62.20) to 68,687 beneficiaries during 2006-07. Under SGSRY scheme, 3,879 applications were sponsored to different Banks, out of which Rs.9.28 crore was disbursed to 3,154 beneficiaries.

Industry

13.33 As on 31st March 2007, 458 cases were sponsored by Khadi and Village Industries Board for sanction of loan amounting to Rs.16.58 crore, out of which an amount of Rs.14.39 crore was sanctioned in favour of 415 cases and disbursement was made amounting to Rs.15.99 crore among 698 beneficiaries. Similarly, 340 cases were sponsored by Khadi and Village Industries Commission, during 2006-07. Out of these, Rs.12.05 crore was sanctioned in favour of 296 cases and an amount of Rs.15.69 crore was disbursed among 512 targeted

beneficiaries. As on 31.03.2007, 21 applications amounting to Rs.0.62 crore under KVIB and 32 applications amounting to Rs.1.31 crore under KVIC were pending with various banks.

Housing

13.34 Banks are also providing housing loan under different housing loan schemes. During 2006-07, an amount of Rs.13.55 crore was disbursed to 794 persons under Home Loan Scheme, Rs.48.43 crore disbursed to 3251 beneficiaries under Golden Jubuli Rural Housing Scheme, and an amount of Rs.5.09 crore disbursed to 224 Ex-service men for construction of their houses. In addition to these Rs.49.06 crore was also disbursed to 3243 persons under National Housing scheme during 2006-07. During 2006-07, against the target of issuing 5,14,688 credit cards, 4,55,355 credit cards were issued amounting to Rs.529.66 crore. The details are given in table 13.7.

Table – 13.7
Achievement in distribution
of Credit cards.

Credit Card	Target 2006-07	Credit card issued	Amount (Rs. in crore)
1	2	3	4
Artisan Credit Card	9200	4258	14.36
Swarozgar Credit Card	-	39226	84.35
Kissan Credit Card	505488	411871	430.95
Total	514688	455355	529.66

Source: SLBC, Bhubaneswar.

Information Technology

13.35 Besides, an amount of Rs.0.89 crore was sanctioned in favour of 75 applicants for establishment of IT Kiosk, out of which Rs.0.75 crore has been disbursed in favour of 65 applicants as on March 2007. During 2006-07, Education loan amounting to Rs.104.88 crore has been disbursed to 7,656 students for higher education.

RECOVERY POSITION OF BANKS

13.36 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.

13.37 As on 31st March 2007, the demand for recovery by banks from the defaulting borrowers stood at Rs.6081.53 crore, out of which an amount of Rs.3020.74 crore (49.7%) has been recovered where the overdue stood

at 50.3% by the end of 2006-07 as against 58.9% during 2005-06. The recovery position of Orissa State Finance Corporation was very poor i.e. 1.7%. Among Commercial Banks, the recovery position of RRBs was highest (68.1%) followed by Public Sector Banks (55.4%). The percentage of recovery in case of cooperative banks was stood at 73.5%. Table 13.8 depicts the recovery position of different banks in the State as on 31st March 2007.

Table 13.8
Recovery position of different Banks,
as on 31st March 2007.

(Rs. in Crore)			
Banks	Demand	Collection	% of Recovery
1	2	3	4
Public Sector Banks	1604.95	888.54	55.4
Private Sector Banks	3.76	2.19	58.2
Regional Rural Banks	985.83	671.79	68.1
Total Commercial Banks	2594.54	1562.52	60.2
Cooperative Banks	1940.48	1425.37	73.5
Orissa State Finance Corporation	1537.82	25.62	1.7
SIDBI	8.68	7.23	83.3
Grand Total	6081.53	3020.74	49.7

Source: SLBC, Bhubaneswar.

13.38 During 2006-07, the recovery position in case of different Government sponsored schemes viz. IRDP, SGSY, PMRY were also very poor. Out of total demand of Rs.384.70 crore under IRDP/SGSY schemes, an amount of Rs.139.46 crore was collected by different Banks, showing the percentage of recovery as 36.25%. Similarly, in case of PMRY scheme, out of total Rs.209.62 crore demands,

Rs.41.94 crore was collected showing the percentage of recovery as 20.01%.

13.39 Various initiatives have been taken by the Banks for recovery of loan from the defaulters. By the end of 2006-07, 24065 cases were filed with competent Authority under provision of OPDR Act for recovery of Rs.56.78 crore dues out of which 107 cases have been settled with recovery of Rs.0.23 crore. Table 13.9 shows the cases filed and settled under OPDR Act, as on 31st March 2007.

Table – 13.9
Cases filed by Banks under OPDR Act for
recovery of dues as on 31.03.2007.

(Rs. in crore)				
Banks	Cases filed		Cases settled	
	No.	Amount	No.	Amount
1	2	3	4	5
Public Sector Banks	18219	54.01	85	0.27
RRBs	5846	2.77	22	0.01
Others	-	-	-	-
Total	24065	56.78	107	0.28

Source: SLBC, Bhubaneswar.

NON BANKING FINANCIAL COMPANIES (NBFC)

Orissa State Financial Corporation (OSFC)

13.40 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. As on 31st

March, 2007 the corporation has sanctioned loan amounting to Rs.1305.34 crore in favour of 28207 small scale / SRTTO and other industries / establishments and disbursed Rs.1305.12 crore in favour of 28207 cases. As on 31st March, 2007 the corporation has recovered Rs.1684.54 crore and an amount of Rs.467.08 crore remaining as outstanding capital.

PRIVATE NON-BANKING FINANCIAL COMPANIES

13.41 There is only one registered NBFC in Orissa, namely, Micro Finance Ltd. (MFL). However, many NBFCs, registered in the jurisdiction of other regional offices of RBI are also operating in the state. MFL was directed not to accept deposits in any form with effect from April, 1, 2006 over and above the earlier

moratorium refraining it from accepting fresh public deposits. The current moratorium implies that it can not incur any further liabilities including acceptance of recurring deposit payments on recurring deposits contracted before the declaration of moratorium. The number of depositors of MFL has decreased from 48,983 as at the end of March, 2006 to 24,521 at the end of March, 2007 indicating a substantial decline of 49.9%. The quantum of deposits also witnessed a fall from Rs.1373.78 lakh in 2005-06 to Rs.698.59 lakh in 2006-07 indicating a reduction of 49.1%. As far as the investments of the NBFC are concerned, its investment in Government Securities at Rs.587.78 lakh in 2006-07 was at the same level as in 2005-06.

ALL-INDIA FINANCIAL INSTITUTIONS**INVESTMENT INSTITUTIONS
POSTAL LIFE INSURANCE (PLI)**

13.42 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. During 2006-07, PLI marketed 8,527 new policies with assured sum of Rs.91.67 crore as

against 7608 policies and Rs.84.84 crore sum assured during 2005-06. Government of India has also introduced Rural Postal Life Insurance (RPLI) since 1995. During 2006-07, 60,703 new policies were marketed with assured sum of Rs.345.24 crore as against 20,293 policies and Rs.262.10 crore assured sum during 2005-06. Achievement of PLI / RPLI of Orissa circle during last four years is given in Table 13.10.

Table 13.10
Achievement of PLI / RPLI of Orissa circle.

(Rs. in Crore)

year	PLI				RPLI			
	Target	Achievement	No. of new policies	% of growth	Target	Achievement	No. of new policies	% of growth
2003-04	69.00	53.18	6148	-	130.00	118.13	29802	-
2004-05	85.00	61.19	7049	13.46	300.00	218.64	17239	85.08
2005-06	100.00	84.84	7608	38.65	250.00	262.10	20293	19.88
2006-07	125.00	91.67	8527	8.05	300.00	345.24	60703	31.72

Source: PMG, Orissa, BBSR.

LIFE INSURANCE CORPORATION OF INDIA (LIC)

13.43 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.

13.44 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 to Rs.354.68 crore during 2005-06. As on 31st March, 2006 the investment of LIC in Orissa stood at Rs.3,67,227 crore as against Rs.3,12,524 crore invested as on 31st March, 2005.

Table 13.11
Sector-wise Investment of LIC in Orissa.

(Rs. in Crore)

ITEM	As on				
	31.03.02	31.03.03	31.03.04	31.03.05	31.03.06
Central Government Security	109938	137276	166939	199785	236959
State Government and other Government guaranteed marketable securities	21463	28988	37402	51283	58928
Electricity (SEBs)	13447	14508	14805	15761	15944
Housing	19054	19944	20694	21436	21963
Water Supply and Sewerage (Mun + Z.P.)	4000	4420	7111	10346	10374
State Road Transport and Corporation	893	1358	1373	1387	1501
Loans to Industrial Estates	45	45	45	45	45
Loans to Sugar Cooperative	37	37	37	37	37
Development Authority	1	1	1	1	1
Roadways, Port Railways	681	781	1272	2463	2477
Power Generation					
Private Sector	3797	6105	6412	9966	18984
Municipality	14	14	14	14	14
Total	173370	213477	256105	312524	367227

Source: LIC Central Office, Mumbai.

UNIT TRUST OF INDIA (UTI)

13.45 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 2006-07, UTI has sold its units with cash value of Rs.215.30 crore to 54,526 applicants under different schemes within the State in comparison to sale of units to 52,467 applicants with cash value of Rs.178.16 crore in the previous year. Out of total sale value of Rs.215.30 crore, sale under liquid fund was highest i.e. Rs.111.82 crore, which comprises 51.94% of the total sale value followed by the equity funds Rs.78.64 crore (36.52%). Scheme wise sale figures during 2006-07 are given in Table 13.12.

Table – 13.12

Scheme wise achievement of UTI, 2006-07.

Scheme / Plan	Application (in nos.)	Amount (Rs. in cr.)	% of sale
Liquid schemes	94	111.82	51.94
Debt Funds	4119	13.67	6.35
Balance Funds	17778	11.17	5.19
Equity Funds	32535	78.64	36.52
Total	54526	215.30	100.00

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

13.46 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 2006-07, IDBI has sanctioned financial assistance to the tune of Rs.499.00 crore in favour of 7 industries and disbursed Rs.76.28 crore to 4 industries as against Rs.105.00 crore sanctioned in favour of 3 industries and disbursed Rs.89.06 crore to 5 industries during 2005-06.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

13.47 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 2006-07, SIDBI has sanctioned loan amounting to Rs.1.58 crore in favour of 5 SSI/SME units and disbursed a sum of Rs.13.82 crore to 11 SSI / SME units, as against Rs.35.76 crore sanctioned in favour of 26 SSI / SME units and disbursement of Rs.19.40 crore to 22 SSI / SME units during 2005-06. In addition to the above, 15 NGOs / MFIs have been assisted with total loan assistance of more than Rs.50.00 crore and grant assistance of Rs.2.00 crore under Micro Credit Scheme till 31st March, 2007 benefiting

around one land economically poor section of the society.

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

13.48 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.

13.49 For promotion of agriculture, minor irrigation, plantation, fishery, forestry, rural infrastructure etc., during 2006-07, NABARD has provided refinance assistance for investment credit activities of banks to the extent of Rs.344.14 crore in Orissa which is 22.88% more than the refinancing assistance provided in 2005-06. Table 13.13 presents scheme wise refinance assistance provided by NABARD for the year 2005-06 to 2006-07.

Table – 13.13
Refinance Provided by
NABARD to different Sectors.
(Rs. in lakh)

Scheme	Assistance provided during	
	2005-06	2006-07
Minor Irrigation	101.596	598.870
Loan to OSEB / REC	0.000	0.000
Land Development	582.797	1196.358
Farm Mechanization	2136.027	3942.472
Plantation & Horticulture	208.647	345.315
Fishery (Marine & Inland)	96.179	431.009
Forestry	0.000	-
Dairy Development	90.969	329.759
Bio-gas	0.000	0.000
Poultry	41.767	192.051
IRDP/ITDP/SC & ST Action Plan/PMRY etc.	2245.261	4085.190
Non farm Sector	17126.450	13298.696
Sheep / Goat / Piggery	70.962	43.152
Other Farm Sector	5305.500	9805.180
Animal Husbandry others	0.000	146.301
Storage go down market yards	0.000	2.927
Total	28006.155	34414.280

Source: NABARD, Bhubaneswar.

**HOUSING AND URBAN DEVELOPMENT
CORPORTION (HUDCO)**

13.50 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. HUDCO has so far sanctioned 452 projects with a project cost of Rs.6327.29 crore for which HUDCO loan commitment is Rs.2656.18 crore. Out of this, Rs.2024.59 crore has already been released. These projects on completion will help provide over 2.63 lakh residential units, 6,434 developed plots, over 78,517 sanitation units, 27 Urban Infrastructure projects and 46 building centres. Out of total 452 schemes, 429 schemes have since been completed.

13.51 Under Government of India two million housing, 48 schemes (14 schemes of VAMBAY) have been sanctioned for construction / repair of over 80,064 units (1364 of VAMBAY) for which Rs.233.86 crore have been sanctioned. Out of this, Rs.223.86 crores has been already released.

13.52 The super cyclone in 1999 brought enormous destruction to Orissa. 8.8 lakh houses were fully damaged and 13 lakh houses were partly damaged. In addition, there was a huge loss to infrastructure, which is roughly estimated as more than Rs.1000 crores. HUDCO has sanctioned Rs.1264.00 crore for construction of 284000 housing

units. HUDCO has already released Rs.1264.00 crore for construction / repair and renovation of houses.

13.53 HUDCO has entrusted to construct 78 school-cum-cyclone shelters in 14 cyclone affected districts with a total project cost of Rs.7.75 crore through MPLAD (RS) fund. Out of these, 77 projects have been completed and the remained one is in final stage of completion. Similarly construction of 4 school-cum-cyclone centres with project cost of Rs.35.00 lakh through MPLAD (LS) funds was entrusted to HUDCO, which have been completed by the end of March, 2007.

13.54 Under Chief Minister Relief Fund (CMRF), HUDCO has completed 6 projects viz. 3 schools, 2 bus stands, one mini stadium with project cost of Rs.67.00 lakh and handed over successfully. Besides, 6 model villages have been sanctioned by HUDCO with assistance of Rs.1.77 crore. Almost all of them are completed by end of March, 2007.

ORISSA RURAL HOUSING AND DEVELOPMENT CORPORATION (ORHDC)

13.55 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.

13.56 ORHDC has sanctioned Rs.646.59 crore in favour of 1, 62,458 cases by the end of March 2007 and disbursed Rs.566.85 crore under different schemes. As on 31st March,2007, an amount of Rs.226.82 crore was recovered against the demand of Rs.542.94 crore. Scheme wise sanction, disbursement and recovery of loans as on 31st March, 2007 is given in Table 13.14.

Table - 13.14
Achievement of ORHDC as on 31.03.2007

Scheme	Sanctioned		Amount Disbursed	Demand for recovery	(Rs in Cr.)	
	No.	Amount			Amount received	% of Recovery
EWS Housing (Kalinga kutir scheme)	28521	71.30	59.20	57.18	1.75	3.06
Credit linked Housing scheme	102286	358.00	296.71	198.01	17.80	8.99
Loan to PSU/ Govt. Employees	28364	126.36	126.36	151.12	130.65	86.45
Individual Housing Finance Scheme	3195	60.82	58.88	79.75	54.11	67.85
Builder / Project Finance	25	19.74	19.74	99.61	22.02	22.11
Building Centre Finance	67	10.37	5.96	7.27	0.49	6.74
Total	162458	646.59	566.85	542.94	296.82	54.67

Source: ORHDC, Bhubaneswar.

BHUBANESWAR STOCK EXCHANGE

13.57 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 2006-07, there were 179 members including 18 corporate members. During the same year, 59 companies comprising 39 regional companies, i.e, companies with head offices registered in Orissa and 20 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.5.60 crore. The annual turnover for the year 2006-07 was Rs.1517.08 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	45	21	Nil
2006-07	179	18	43	20	Nil
2007-08	179	18	39	20	Nil

Source: Stock Exchange. Bhubaneswar.

