

CHAPTER-XVIII

BANKING AND COMMERCE

18.1.0 Banks have an important role to play in stimulating economic development of a Country or State. In Assam the widening network of Scheduled Commercial Banks have been playing a crucial role in mobilization of saving and investments in the State. According to the Quarterly Statistics of deposits and credit of Scheduled Commercial Banks of Reserve Bank of India, March 2004, the number of reporting Bank Offices of all Scheduled Commercial Banks in Assam stood at 1221, of which, 401 were Regional Rural Banks. The average population covered per Bank branch office (based on the Census Population 2001) in the State stands at 22,000 in March, 2004 which is however quite unsatisfactory in comparison to the all India average of 16,000 population during the same period. The table 18.1 shows the number of Scheduled Commercial Bank Offices in Assam as well as in India and the trend of deposits and credit over the past few years.

TABLE-18.1
GROWTH OF SCHEDULED COMMERCIAL BANKS IN ASSAM AND INDIA
(As on March)

Year	Number of Offices		Deposits (Rs. in Crore)		Credit (Rs. in Crore)	
	Assam	India	Assam	India	Assam	India
1	2	3	4	5	6	7
1995	1260	63817	3956	379174	1530	210939
2000	1263	67061	8444	821420	2701	460081
2001	1268	67525	9858	949433	3160	538434
2002	1254	67897	11515	1123393	3656	655993
2003	1247	68078	12840	1276196	3760	755969
2004 *	1221	66970	14970	1517200	4607	890866

*Data relates to Reporting Offices Only.

Source : (1) 1995–2004, Basic Statistical Return of Scheduled Commercial Banks in India, Reserve Bank of India (Various issues)
(2) Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2004, Reserve Bank of India.

18.1.1 The Banking net-work operating in the Country as well as in the State have been grouped under (i) State Bank of India and its Associates, (ii) Nationalized Banks, (iii) Foreign Banks, (iv) Regional Rural Banks and (v) Other Scheduled Commercial Banks. These Groups of Bank have a distinctive role to play in the economic scenario of the State and Central Sector. The position of the Bank Groups in Assam and India is shown in table 18.2.

TABLE – 18.2
BANK GROUP-WISE SCHEDULED COMMERCIAL BANKS IN ASSAM
AND INDIA AS ON MARCH, 2004

Bank Group	Assam/ India *	No. of offices	Deposits (Rs. in crore)	Credit (Rs. in crore)
1	2	3	4	5
State Bank of India and its Associates	Assam	201	5491	1422
	India	13593	367057	212420
Nationalised Banks	Assam	608	7464	2511
	India	33090	752558	410376
Foreign Banks	Assam	1	141	1
	India	196	73323	61890
Regional Rural Banks	Assam	401	1590	610
	India	14484	55824	26116
Other Scheduled Commercial Banks	Assam	10	284	63
	India	5607	268438	180065
All Scheduled Commercial Banks	Assam	1221	14970	4607
	India	66970	1517200	890866

*Reporting Offices only

Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2004, Reserve Bank of India.

18.1.2 Majority of the Bank Branch Offices are located in rural areas. Out of the 1221 reporting offices (As on March, 2004) as many as 792 Branches i. e. about 64.86 per cent are located in the rural area of Assam. During March 2004, the reporting Bank Branch offices situated in semi-urban and urban area were 261 and 168 respectively. However, their corresponding credit-deposit ratios were for from satisfactory as the same remained at the level of 36.86 per cent in rural, 25.53 per cent in semi-urban and 31.57 per cent in urban areas.

GROWTH OF DEPOSITS AND CREDIT :

18.2.0 With the expansion of banking facilities over the years there has also been some augmentation not only in respect of volume of deposits but also in respect of disbursement on credit by these banks. The aggregate deposits with Scheduled Commercial Banks in Assam, which was Rs.3956 crore in March 1995 increased to Rs.8444 crore in March 2000, Rs.12840 crore in March 2003 and then to Rs.14970 crore in March 2004. The volume of deposits was 16.59 per cent higher in March, 2004 over that of March, 2003. In respect of per capita bank deposits, the position of Assam is however found to be unsatisfactory which was Rs.5385 only on March, 2004 as against Rs.14145 at National level.

18.2.1 The disbursement of credit of Scheduled Commercial Banks of Assam indicates more or less same trend as seen in case of bank deposits. The total volume of credit disbursed by these banks amounted to Rs.1530 crore in March,1995 which increased to Rs.2701 crore in March , 2000, Rs.3760 crore in March, 2003 and then to Rs.4607 crore in March, 2004. Thus an increase of 22.53 per cent in bank disbursement of credit has been observed in March, 2004, over that of March, 2003. During March, 2004 Assam accounted for a meager 0.52 per cent of the total disbursement of credit in the Country as a whole. The per capita bank credit as on March, 2004 in Assam was Rs.1353 as against Rs.8306 at National level.

18.2.2 The Credit-Deposit ratio of Scheduled Commercial Banks in Assam has been worked out at 30.8 per cent as on March, 2004 as against all India ratio of 58.7 per cent. According to the R.B.I. Report "Basic Statistical Returns of Scheduled Commercial Banks in India" March, 2003, the total volume of credit sanctioned in the State as on March, 2003 was Rs.3760 crore, credit utilised in the State out of sanctioned amount was Rs.3748 crore, credit sanctioned in the State but utilized in other States was Rs.12 crore and credit utilized in the State but sanctioned in other States was Rs.4165 crore. The total volume of credit utilized in the State was Rs.7913 crore accounting for a share of 1 per cent of the all India total of Rs.755969 crore. The credit-deposit ratio as per sanctions declined from 31.7 per cent as on March, 2002 to 29.3 per cent as on March, 2003 while the same for utilization also decreased from 70.3 per cent to 61.6 per cent for the same period. The table 18.3 shows the credit-deposit ratio in Assam as well as India.

TALBLE – 18.3

CREDIT - DEPOSIT RATIO AS PER SANCTIONED AND UTILIZATION AS ON MARCH

Particulars	1999		2000		2001		2002		2003	
	Sanctioned	utilized	Sanctioned	utilized	Sanctioned	utilized	Sanctioned	utilized	Sanctioned	utilized
1	2	3	4	5	6	7	8	9	10	11
ASSAM	32.0	38.7	32.0	35.5	32.1	38.1	31.7	70.3	29.3	61.6
INDIA	54.8	54.8	56.0	56.0	56.7	56.7	58.4	58.4	59.2	59.2

Source : Basic Statistical Returns of Scheduled Commercial Banks in India, March 2003, Reserve Banks of India.

OUTSTANDING CREDIT ACCORDING TO OCCUPATION:

18.3.0 The latest available data on outstanding credit of the group-wise Scheduled Commercial Banks in the State under different sectors pertaining to March, 2003 is presented in Table-18.4.

TABLE-18.4

SECTOR-WISE AND BANK GROUP-WISE DISTRIBUTION OF OUTSTANDING CREDIT OF SCHEDULED COMMERCIAL BANKS IN ASSAM, MARCH 2003

(Rs in crore)

Sector	State Bank of India and its Associates		Nationalised Banks		Foreign Banks		Regional Rural Banks		Other Scheduled Commercial Banks		All scheduled Commercial Banks	
	No. of Accounts	Amount outstanding	No. of Accounts	Amount outstanding	No. of Accounts	Amount outstanding	No. of Accounts	Amount outstanding	No. of Accounts	Amount outstanding	No. of Accounts	Amount outstanding
1	2	3	4	5	6	7	8	9	10	11	12	13
1. Agriculture	23986	169.30	49819	241.28	-	-	61715	58.61	27	32.00	135547	469.50
2. Industry of Which	13177	1721.90	27152	692.34	2	2.13	18360	34.29	114	7.41	58805	2458.08
(i) Tea Processing	92	71.37	169	125.42	-	-	-	-	2	68.00	263	197.47
(ii) Small Scale Industries	4695	112.72	12748	127.66	-	-	5970	10.43	84	2.18	23497	252.99
(iii) Artisans and Village Industries	6299	156.22	9830	44.90	-	-	11718	14.21	3	2.00	27850	215.35
3. Transport Operators	2860	83.69	6696	75.14	-	-	6479	22.43	140	2.13	16175	183.39
4. Professional and other Services	3825	61.20	15317	102.76	-	-	100.70	16.54	127	5.73	29339	186.23
5. Personal Loans	79445	858.48	108656	584.08	43	2.89	80581	246.52	2132	12.09	270857	1704.06
6. Trade of which	17846	448.32	61943	455.93	-	-	35903	58.63	387	12.50	116079	975.38
(i) Wholesale trade	1410	241.27	2566	99.25	-	-	465	2.76	32	2.79	4473	346.07
(ii) Retail trade	16436	207.05	59377	356.68	-	-	35438	55.88	355	9.71	111606	629.31
7. Finance	145	237.27	310	10.26	-	-	101	16.00	1	35.00	557	245.05
8. All others	31001	1456.06	33921	206.29	-	-	12685	25.54	1045	3.60	78652	1691.50
Total Bank Credit	172285	5033.22	303814	2368.08	45	5.02	225894	462.73	3973	44.13	706011	7913.18

Source : Basic Statistical Returns of Scheduled Commercial Banks in India March, 2003. Reserve Bank of India.

The table shows that the outstanding total Bank Credit of the Scheduled Commercial Banks in the State as on March, 2003 was Rs.7913.18 crore which declined by 2.28 per cent than that of Rs.8098.13 crore of the previous year. Among all the Sectors Industrial Sector of Assam occupies the top position with Rs.2458.08 crore i.e. 31.06 per cent of the total outstanding credit of Rs.7913.18 crore as on March, 2003 as against 53.17 per cent recorded in the previous year. Out of the total outstanding credit of the Industrial Sector, the share of Tea Processing and Small Scale Industries were Rs.197.47 crore and Rs.252.99 crore respectively. Industries like Food Manufacturing & Processing, Chemical and Chemical Products accounted for a sizeable share with Rs.501.48 crore and Rs.391.80 crore respectively followed by Textiles with Rs.210.66 crore, Petroleum, Coal Products with Rs.290.14 crore, Engineering with Rs.122.72 crore, Construction with Rs.57.55 crore and Electricity, Gas and Water Supply with Rs.48.30 crore. The outstanding credit of Rs.975.38 crore under the Trade Sector consist of Wholesale trade of Rs.346.07 crore and Retail Trade of Rs.629.31 crore. The Agriculture Sector follows with Rs.469.50 crore, Transport Operators with Rs.83.39 crore and Artisans and Village Industries with Rs.215.35 crore.

REGIONAL RURAL BANKS:

18.4.0 The Banking facilities for the rural people are being served by a network of five Regional Rural Banks in Assam with a total number of 401 reporting branch Offices as on March, 2004. The aggregate deposits with these Banks was Rs.1590 crore at the end of March, 2004 as against Rs.1365 crore at the end of March, 2003 thereby registering an increase of 16.5 per cent. The volume of Credit disbursed by these Banks increased to Rs.610 crore at the end of March, 2004 from Rs.466 crore at the end of March, 2003, thus showing an increase of 30.9 per cent. The Credit-Deposit ratio of this Bank was 38.4 per cent during March, 2004 as against 34.1 per cent during the same period of the previous year.

ROLE OF ALL-INDIA LEVEL FINANCIAL INSTITUTIONS:

18.5.0. The basic idea behind setting up several all-India level Financial Institutions during the post-independence period was to provide the much needed thrust for the development of industrial and other important sector of the national economy. Another objective was to utilize these institutions as instruments for removing/reducing regional disparities in economic growth. The network of such all-India level financial institutions comprises institutions like IDBI, IFCI, ICICI, IDFC, SIDBI, IIBI, Exim Bank, NABARD, LIC, GIC etc. besides the NEDFI, 28 SIDCs and 18 SFCs for catering regional/State needs.

Over the years operations of these institutions in the country have been expanding on a fairly large scale providing every year much needed finance to industry, trade, commerce etc. The volume of assistance sanctioned and disbursed by all-India level financial institutions and some State level financial institutions may be seen at Table-18.5 and 18.6 respectively.

TABLE –18.5
ASSISTANCE SANCTIONED AND DISBURSED BY ALL INDIA FINANCIAL INSTITUTIONS IN ASSAM AND INDIA (Rs. in Crore)

Year	Sanctions		Disbursement	
	Assam	India	Assam	India
1	2	3	4	5
1998-1999	114.7	78316.5	94.7	56722.8
1999-2000	331.2	97198.5	166.5	67226.5
2000-2001	313.1	115982.3	228.9	73672.8
2001-2002	182.1	74613.1	101.1	59640.9
2002-2003	66.5	28746.2	63.7	25694.4
Cumulative up to the end March/ 03	3045.0	797177.9	1984.9	570254.3

Source: Report on Development Banking in India, 2002-2003 (Vol I), Industrial Development Bank of India.

TABLE-18.6

ASSISTANCE SANCTIONED AND DISBURSED BY
SOME STATE LEVEL INSTITUTIONS IN ASSAM

(Rs. in Crore)

Institutions	1998-1999		1999-2000		2000-2001		2001-2002		2002-2003		Cumulative upto the end of March, 2003	
	S	D	S	D	S	D	S	D	S	D	S	D
1	2	3	4	5	6	7	8	9	10	11	12	13
NEDFI	22.0	10.6	17.3	9.3	39.4	33.6	31.7	24.7	34.0	21.7	162.8	108.4
SIDCs	1.0	0.9	0.8	0.9	0.2	0.2	-	-	1.5	-	63.0	58.2
SFCs	2.8	3.8	2.6	2.9	1.1	3.7	-	1.7	0.6	0.9	117.5	113.3

Source: Report on Development Banking in India 2002-2003, (Vol. II),
Industrial Development Bank of India.

It has, however, been observed from the data available that Assam is not receiving due attention in respect of sanction and disbursement of finance by these institutions when compared with the position of some other developed States as well as for the Country as a whole. As a result, Assam has not been able to keep the pace with the developments witnessed in some parts of the Country.

SMALL SAVINGS:

18.6.0 The position of Assam in respect of Small Savings Schemes is encouraging as observed from the trend in the recent few years. The popularly accepted type of Small Savings Schemes in Assam for the last few years were Post Office Recurring Deposit Scheme (PORD), Post Office Time Deposit (POTD), Post Office Monthly Income Scheme (POMIS), Kishan Vikash Patra (KVP), National Savings Certificate VIII (NSC VIII) etc. The volume of gross savings collection in the State was Rs.2195.03 crore during 2003-2004 and Rs.1863.11 crore during 2002-2003 while the net savings collection was reported at Rs.737.77 crore and Rs.645.38 crore respectively for the same period. Thus, in percentage term the net savings has increased by 14 per cent in 2003-2004 over the previous year.

LIFE INSURANCE:

18.7.0 The Life Insurance Corporation of India (LIC) is performing a very encouraging business in Assam. The Guwahati Division of LIC came to be a constituent unit of the Corporation with Branch Office at Guwahati, Nagaon, Jorhat, Tezpur, Dibrugarh, Digboi, Dhubri, Silchar and Sub-Offices at Sivasagar, Tinsukia, and Karimganj. Due to increase in the volume of business the bifurcation took place with creation of its Jorhat, Silchar and Bongaigaon Divisions. The total number of Policies involved as on 31.3.2004 were 1007267 and the sum assured against these Policies amounted to Rs.5597.23 crore. The number of policies has increased from 760019 during 2001-2002 to 1007267 during 2003-2004 and the sum assured has also increased to Rs.5597.23 crore during 2003-2004 from Rs.5197.96 crore during 2001-2002 thereby registering marginal increase by 7.68 per cent. Besides the normal insurance activities, the LIC is also engaged in investing and extending loans of a sizeable amount in the State of Assam. The Table 18.7 shows the performance of LIC in Assam during 2003-2004.

TABLE-18.7		
PERFORMANCE OF LIFE INSURANCE CORPORATION OF INDIA IN ASSAM DURING 2003-2004		
Name of Division	Number of Policies	Sum Assured (Rs. in crore)
1	2	3
Jorhat	293033	1815.32
Guwahati	277775	1821.98
Silchar	301023	1241.25
Bongaigaon	135436	718.68
Total	1007267	5597.23
Source : Life Insurance Corporation of India.		