

CHAPTER - XIV

INSTITUTIONAL FINANCE

Banking

The growing network of Scheduled Commercial Banks has been playing a crucial role in mobilization of saving and investments. The contribution of the “Banking and Insurance” has been growing from 3.0 percent in 2004-05 [GSDP at constant (2004-05 prices)] to 5.0 percent during the year 2009-10(Q) and thus help to boost up the state economy. As per the “Quarterly Statistics of deposits and credit of Scheduled Commercial Banks of Reserve Bank of India, March, 2010”, the number of reporting Bank Offices of all Scheduled Commercial Banks in Assam stood at 1434. The average population covered per Bank branch office (based on the projected mid-year population) in the State was around 21000 which is however quite unsatisfactory in comparison to the all India average of 14,000 population during the same period. The table 14.1 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-14.1
GROWTH OF SCHEDULED COMMERCIAL BANKS IN ASSAM AND INDIA

(As on March)

Year	Number of Offices*		Deposits (Rupees in crore)		Credit (Rupees in crore)	
	Assam	India	Assam	India	Assam	India
2004	1256	68645	14507	1511273	4612	880312
2005	1272	69969	17782	1746814	6271	1152468
2006	1234	68681	20872	2093042	8763	1517497
2007	1262	70711	25757	2598823	11154	1949567
2008	1317	74326	31666	3228817	13057	2394566
2009	1369	79058	39427	3937336	15115	168977
2010	1434	83997	49545	4601926	18311	3345619

*Reporting Offices only

Source : (1) 2004–2006, 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 2007 to March, 2010 Reserve Bank of India.

The Bank-network 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. The position of the Bank Groups in Assam and India is shown in Table 14.2.

Majority of the Bank Branch Offices in the State are located in rural areas. Out of the total 1434 reporting offices (as on March-2010), 791 bank branch offices (55 percent of the total bank branch offices) are located in the rural areas of Assam and share 17 percent of the total bank deposit in the State. On the other hand, the bank branch offices in semi-urban and urban areas with 357 and 286 branch offices shared 31 percent and 58 percent of the total bank deposits respectively. The credit –deposit ratio of rural bank branch offices was 48 percent compared to semi-urban branches with 36 percent and urban branches with 34 percent during the said period.

TABLE – 14.2

BANK GROUP-WISE SCHEDULED COMMERCIAL BANKS IN ASSAM AND INDIA [As on March, 2010]

Bank Group	Assam/ India	No. of offices*	Deposits (Rupees in crore)	Credit (Rupees in crore)
State Bank of India and its Associates	Assam	259	21113	8102
	India	17112	1035859	773817
Nationalised Banks	Assam	707	22327	7394
	India	41421	2388904	1739301
Foreign Banks	Assam	1	188	32
	India	288	227915	165596
Regional Rural Banks	Assam	399	3678	1746
	India	15303	142422	83503
Other Scheduled Commercial Banks	Assam	68	2240	1039
	India	9873	806825	583403
All Scheduled Commercial Banks	Assam	1434	49545	18311
	India	83997	4601926	3345619

*Reporting Offices only

Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks March, 2010, Reserve Bank of India.

Growth of Deposits and Credit

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 of credit by these banks. The aggregate deposit with Scheduled Commercial Banks in Assam, which was ` 31,666 crore in March 2008, has increased to ` 49,545 crore in March 2010. The volume of deposits has been increased above 56 percent in March 2010 over March 2008. The per capita deposit in the State was ` 16515 in March, 2010.

The disbursement of credit by Scheduled Commercial Banks in Assam also maintained more or less same trend like deposits. The total volume of credit disbursed by these banks was increased to ` 18311 crore from ` 15115 crore in March 2009 thereby recorded a growth of 21.0 percent over the previous year. During March, 2009 disbursement of credit by banks in Assam shared only 0.55 per cent of the total credit disbursement in the country as a whole. The per capita credit has been increased to ` 6104 in March 2010 compared to ` 5106 in March, 2009.

Credit- Deposit Ratio

14.3.0. The Credit-Deposit ratio of all Scheduled Commercial Banks in Assam has been worked out at 37.0 per cent as on March, 2010 as against All India Ratio of 72.6 per cent. The following table shows Credit - Deposit ratio of all scheduled commercial banks in Assam and India for some few years.

TABLE – 14.3

CREDIT DEPOSIT RATIO OF ALL SCHEDULES COMMERCIAL BANKS IN ASSAM AND INDIA (as on March)

Year	Assam	India
2001	32.0	56.7
2002	31.7	58.4
2003	29.3	59.2
2004	31.8	58.2
2005	35.2	65.9
2006	41.9	72.5
2007	43.3	75.0
2008	41.2	74.2
2009	38.3	72.6
2010	37.0	72.7

Source: (i) Basic Statistical Return of Scheduled Commercial Banks (2001-2006) and (ii) Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2007 to March 2010, Reserve Bank of India.

Priority Sector Advances

The volume of aggregate advances under priority sector, according to the State Level Bankers Committee reports, have increased from ` 6148.70 crore in 2006-07 to ` 11314.92 crore in 2009-10. Thus, the volume of aggregate advances recorded 84.0 percent growth during the last four years. This growth was 262.7 percent when compared with the credit extended to the priority sector during the year 2004-05. During the period from 2004-05 to 2009-10, the priority sector advances have been above the bench-mark of 40 per cent of net bank credit.

The percentage share of priority sector loans extended to agriculture & allied activities achieved all India bench mark of 18 percent during the year 2009-10 in the State. The disbursement advances to agriculture & allied activities has steadily increased from ` 616.15 crore [9.48%] in 2004-05 to ` 2345.86 crore [13.22%] in 2008-09 and further to ` 3868.37 crore [18.50%] in 2009-10.

The per capita priority sector advances has significantly increased from ` 1170.00 to ` 5917.00 during the period from 2004 to 2010.

TABLE-14.4

ADVANCES OUTSTANDING UNDER PRIORITY SECTOR

(Rupees in Crore)

Sectors	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Aggregate Advances	6497.59	9811.15	12989.44	16081.43	17750.99	20910.97
Total Priority Sector Advance	3119.99 [48.02%]	4248.21 [43.30%]	6148.70 [47.34%]	8322.25 [51.75%]	10705.50 [60.31]	11314.92 [54.11]
Agriculture and Allied Activities.	616.15 [9.48%]	1212.84 [12.36%]	1596.74 [12.29%]	2158.80 [13.42%]	2345.86 [13.22]	3868.37 [18.50]
Industries	515.87 [7.94%]	685.52 [6.99%]	1018.13 [7.84%]	1281.63 [7.97%]	1460.25 [8.23]	2054.15 [9.82]
❖ Per capita Priority Sector Advances [Figure in Rs.]	1170	1594	2307	3122	4016	5917

* Figure within bracket indicates percentage share to Aggregate Advances.

❖ Per Capita Priority Sector Advances calculation based on the Population Census 2001.

Source: Various Reports of State Level Bankers Committee, Assam.

Regional Rural Banks

Regional Rural Banks [RRBs] were established under the Regional Rural Banks Act, 1976 with a view to give a boost to rural economy by providing rural credit to farmers, agricultural labourers, artisans and small entrepreneurs etc.

At present, the State has presence of two **RRBs** - Assam Gramin Vikash Bank and Langpi Dehangi Rural Bank. While the Assam Gramin Bank is operating both in the Brahmaputra Valley and Barak Valley covering 25 districts with 356 bank branches, the service area of the Langpi Dehangi Rural Bank is confined within the two hill districts of Assam with 42 bank branches as on March 2010.

The aggregate deposit of RRB was ` 3691.39 crore at the end of March 2010 as against ` 3044.07 crore at the end of March 2009 thereby registering a growth of 21.26 percent. The aggregate deposit of RRBs was ` 2496.00 crore at the end of March 2008. The volume of credit disbursed by these banks was also increased to ` 1753.55 crore as on March 2010 from ` 1510.43 crore as on March 2009 indicating an increase of 16.1 percent. Credit-Deposit ratio of these banks, on the other hand, marginally fall to 47.50 as on March 2010 from 49.60 as on March 2009. The credit-deposit ratio of RRBs was 53.60 as on March 2007.

Performance of Regional Rural Banks may be evident from the Table below:

TABLE-14.5
ACHIEVEMENTS OF REGIONAL RURAL BANKS IN ASSAM

Period (as on)	Achievements under Annual Credit Plan (Rupees in lakh)			Credit - Deposit Ratio	
	Annual Target for All Banks	Achievement of All Banks	Achievement of RRBs	All Banks	RRBs
31.3.2006	92903.27	117699.69	22665.38 (19.25%)	45.51	50.49
31.3.2007	114100.11	144984.66	26362.38 (18.18%)	48.03*	53.60
31.3.2008	175518.40	155511.33	32211.73 (20.71%)	50.48*	52.64
31.3.2009	221924.24	150226.67	37082.91 (24.68)	45.85*	49.62
31.3.2010	257892.21	250725.49	52181.55 (20.81)	42.05*	47.50

Figure in bracket shows the percentage share of achievements of RRBs to All Banks.

*Lending by NEDFi and under RIDF has been incorporated as priority sector advances.

Hence C.D ratio figure is different from the figure shown in the Table-14.3.

Source: State Level Bankers Committee reports

Agricultural Credit

Credit is an essential requirement for revitalizing agriculture sector. Although within the priority sector, share of agriculture advances in the State had been the highest with 21.9 percent as on March 2009 and 34.19 percent as on March 2010, the agricultural credit constitutes 18.5 percent of the total bank credit as per the figures published by the State Level Bankers' Committee, Assam i.e., the agricultural credit has marginally surpass the All India Bench Mark of 18.0 percent as on March 2010. According to the State Level Bankers' Committee Report, banks operating in the State have disbursed ` 814.69 crore during the year 2009-10 in the Agriculture sector against the annual target of ` 956.66 crore which was 85.0 percent of the targeted amount.

While the annual growth rate of advances to agriculture & allied activities during the year 2009-10 was 55.7 percent over the previous year, the growth of crop loans recorded more than 67 percent during the said period.

TABLE-14.6
CREDIT FLOW TO AGRICULTURE AND ALLIED ACTIVITIES UNDER ANNUAL CREDIT PLAN

Year	Advance to Agriculture & Allied Activities (Rs. in crore)	Crop Loans (Rupees in crore)	% Share of crop Loan to Total Agricultural Advances	Per Capita Crop Loan (Rupees)	Crop Loan per farmer family# (Rupees)
2003-04	100.81	43.82	43	16.44	161
2004-05	243.76	79.46	33	29.81	293
2005-06	331.89	84.31	25	31.63	311
2006-07	468.91	79.44	17	29.80	293
2007-08	566.71	121.61	21	45.62	448
2008-09	523.38	203.12	39	76.20	749
2009-10	814.69	359.39	44	134.82	*1307
CAGR (%) 2004-2010@	41.66	42.00	-	42.00	41.77
(%) Growth 2009-10 over 2008-09	55.7	67.02	-	76.9	74.5

@CAGR: Compound Annual Growth Rate.

Total Farmer Family = 27.12 lakh as per Agriculture Census 2000-01.

* Total Farmer Family = 27.50 lakh as per Agriculture Census 2005-06.

Source: Reports of State Level Bankers Committee, Assam

Agricultural Credit and Government Initiative

Agricultural Debt Waiver & Debt Relief Scheme -2008

The Union Finance Minister, while presenting Budget for the financial year 2008-09, announced a debt waiver for three crore **marginal and small farmers** and debt relief by means of 'One Time Settlement' for one crore **other farmers** of India. The Scheme covered direct agricultural loans extended to "marginal and small farmers" and "other farmers" by Scheduled Commercial Banks, Regional Rural Banks and Cooperative Credit Institutions (including Urban Cooperative Banks) and Local Area Banks. This scheme benefited around 2.40 lakh farmers of Assam.

TABLE-14.7
NUMBER OF FARMERS BENEFITED UNDER AGRICULTURAL DEBT WAIVER & DEBT RELIEF SCHEME -2008

Banks	NUMBER OF BENEFICIARIES			TOTAL AMOUNT [Rupees in crore]		
	Marginal/ Small Farmers	Other Farmers	Total	Waived	Relief given	Total
Commercial Banks	147452	8198	155650	237.95	12.77	250.72
Regional Rural Banks	69041	1673	70714	81.50	1.64	83.14
Cooperative Banks	13578	17	13595	9.93	0.05	9.98
Total	230071	9888	239959	329.38	14.46	343.84

Source: State Level Bankers Committee, Assam

Government of Assam's 2% Interest Subvention Scheme

In view of severe drought like situation experienced in the State during the year 2006-07, Govt. of Assam in consultation with NABARD prepared a scheme to provide 2 percent interest relief to the farmers availing crop loans from the banks. NABARD was designated as implementing agency. The Scheme was continued for the last three years [2006-07, 2007-08 and 2008-09]. During the period, 173772 borrowers were provided with the interest relief. The State Government extended the scheme for the year 2009-10 also with enhanced interest relief at 3 percent for farmers.

The achievements under the Government of Assam's interest relief scheme during the period 2006-07 to 2008-09 shown in table 14.8 below-

TABLE: 14.8
SETTLEMENT OF CLAIMS UNDER INTEREST RELIEF SCHEME

Year	Total Loan Disbursement		Total Relief Settled	
	Account (Nos)	Amount (Rupees in lakh)	Account (Nos)	Amount (in Rupees)
2006-07	39832	7267.85	39832	6504829.00
2007-08	53448	10466.70	52986	10792470.00
2008-09	82225	16269.03	80954	14419765.00

Source: Finance (Institutional Finance) Department, Assam

Financing under Kisan Credit Card Scheme

The Kisan Credit Card [KCC] Scheme was introduced in 1998-99 to cater adequate, timely, cost effective and hassle free credit support to the farmers from the formal banking system.

During the year 2009-10, 1498822 numbers of KCCs were issued and ` 430.56 crore was sanctioned by the banks as against 103361 numbers of KCCs and ` 375.89 crore during the year 2008-09. During 2007-08, the number of KCCs issued by the banks was 62132 and the amount sanctioned was ` 163.66 crore. Since inception of the scheme, cumulatively about 6.30 lakh KCCs have been issued in the State up to March 2010. The Scheme, thus, covered around 23.0 percent of the total farmer family (there are 27.50 lakh farmer families as per Agriculture Census 2005-06) of the State.

TABLE-14.9
ADVANCES UNDER KISAN CREDIT CARD SCHEME

(Rupees in lakh)

Year	Annual Achievement		Cumulative Achievement	
	Card Issued (No.)	Amount	Card Issued (No.)	Amount
2003-04	94377	9728.64	-	-
2004-05	86822	9382.86	172965	22202.28
2005-06	70238	9677.79	339750	38839.94
2006-07	50067	7862.03	359395	40580.52
2007-08	62132	16365.83	329932	67908.97
2008-09	103361	37589.23	480393	104682.06
2009-10	149822	43055.94	630070	158372.04

Source: Reports of State Level Bankers Committee, Assam

Micro Finance

Micro finance is widely regarded as an effective programme for reducing poverty as well empowerment of the poor. The micro-finance programme of NABARD, which began in 1992 with formation of 500 Self Help Groups (SHGs), has emerged as the largest micro-finance programme in the world. The Self Help Group – Bank linkage programme, the main micro-finance model and institutional finance mechanism to provide financial credit support to the micro-entrepreneurs (including farmers) in the country as a whole, has been proved to be the most cost effective credit delivery system in India. The programme has also helped in providing banking services to the uncovered rural poor.

The focus of SHG-Bank linkage programme is seen to be picking up its importance a little late in the State of Assam. However, the programme has gathered momentum from the year 2001-02 onwards. Till the end of March 2010, total 374745 SHGs have been bank linked in the State out of which 163855 SHGs were credit linked.

Cumulative position of bank linked SHGs shown in the Table –14.10

TABLE-14.10
SELF-HELP GROUPS FINANCED BY BANKS

(Rupees in lakh)

Year	Total bank linked SHGs		Deposit linked		Credit Linked	
	No	Amount	No	Amount	No	Amount
2004-05	122304	20975.75	79592	3409.05	42712	17566.70
2005-06	269917	48239.13	175565	9846.77	94352	38392.36
2006-07	230902	58040.52	121474	5261.61	109428	52778.91
2007-08	257863	57417.70	142147	6044.72	115716	51372.98
2008-09	305132	77365.49	166740	7485.51	138392	69879.98
2009-10	374745	92724.79	210890	9123.46	163855	83601.33

Source: Reports of State Level Bankers Committee, Assam

Microfinance Promotion by NABARD

The NABARD, Assam Regional Office has played a vital role by extending grant assistance of ` 358.06 lakh to 119 NGOs for promotion of 14259 SHGs in the State upto 31ST October 2010. With a view to facilitate the established and socially committed NGOs to access higher quantum of credit from the banking system for meeting the demand for credit, two Micro Finance Institutions(MFIs) viz., ASOMI and RGVN have been sanctioned a amount of ` 100.00 lakh each towards capital support by NABARD.

In areas where the NGOs and Bank network is weak, a scheme for associating individual Rural Volunteers (IRVs) in promotion and linkage of SHGs was introduced. The scheme is currently implemented through the RRBs and SBI in the State. NABARD has sanctioned a grant assistance of Rs.135.18 lakh to promote and credit link 7510 SHGs with banks with the help of 751 IRVs in all the 27 districts of the State.

With a view to increase the flow of credit, particularly to the small borrowers having limited or no collateral to offer, a new concept of Joint Liability Group (JLG) lending has been evolved wherein social collateral substitutes the physical collateral. This JLG lending was introduced on a pilot basis in the State of Assam involving RRBs to promote the concept. After completion of the pilot project, the RRBs started financing JLGs on a regular basis. As on 31ST October, 2010, 7291 JLGs have been financed by these RRBs with an aggregate credit of Rs.3170.49 lakh. Of late, the commercial banks like Indian Bank, ICICI Bank, SBI, UCO Bank and Assam State Co-Operative Apex Bank have also adopted the JLG mode for financing the tenant farmers/oral leasee/ share croppers and other activity groups.

SHG-Bank linkage under SGSY

Swarnajayanti Gram Swarojgar Yojana is the mother programme of all poverty alleviation programmes. Its objective is to uplift economic status of the rural people living below the poverty line by providing sustainable economic activities with bank loan and Government subsidy.

Up to the end of March 2010, 1.64 lakh SHGs have been formed out of which only 84678 SHGs were given loans by banks. Cumulative progress of SHG-Bank linkage programme under SGSY shown in the Table -14.11 below:

TABLE -14.11
SHG-BANK LINKAGE UNDER SGSY

(Rupees in lakh)

Year	Total Credit Linked SHGs		Credit linked SHGs under SGSY	
	No.	Amount	No.	Amount
2004-05	42712	17566.70	20388	11273.74
2005-06	94352	38392.36	48235	25024.66
2006-07	109428	52778.91	54735	36549.70
2007-08	115716	51372.98	54790	31006.57
2008-09	138392	69879.98	69144	45898.88
2009-10	163855	83601.33	84678	55161.36

Source: Reports of State Level Bankers Committee, Assam

National Bank for Agriculture and Rural Development (NABARD)

During 2008-09, the NABARD has disbursed refinance to banks in the State to the tune of ` 66.84 crore, less than 30.0 percent over the previous year. Agency wise, purpose wise and activity wise refinance disbursed by the NABARD shown in the Table below-

TABLE-14.12
AGENCY WISE, PURPOSE WISE AND ACTIVITY WISE REFINANCE DISBURSED BY NABARD

(Rupees in lakh)

Sl No.	Purpose	2008-09			2009-10		
		Commercial Banks	RRBs	Total	Commercial Banks	RRBs	Total
1.	Minor Irrigation	0.288	0.900	1.188	0.000	9.220	9.220
2.	Land Development	6.210	0.000	6.210	0.000	0.000	0.000
3.	Farm Mechanisation	199.721	148.288	348.009	0.000	92.309	92.309
4.	Plantation & Horticulture	281.700	114.093	395.793	11.000	40.670	51.670
5.	Animal Husbandry (Dairy, Poultry, Sheep, Goat & Piggery)	7.020	503.966	510.986	4.705	329.620	334.325
6.	Fisheries	3.384	57.767	61.151	2.990	1.760	4.750
7.	SGSY	1092.285	361.167	1453.452	9.309	585.347	594.656
8.	NFS(i/c Rural Housing)	996.597	1827.570	2824.167	5.796	1520.000	1525.796
9.	SC/ST Action Plan	126.000	0.000	126.000	0.000	0.000	0.000
10.	PMRY	710.635	0.000	710.635	0.000	0.000	0.000
11.	Others (i/c SHG, SRTO-Truck)	2522.875	604.100	3126.975	3225.975	845.151	4071.126
Total		5946.715	3617.851	9564.566	3259.775	3424.077	6683.852

Source: National Bank for Agriculture and Rural Development

Rural Infrastructure Development Fund (RIDF)

The Government of Assam has taken initiative for development of infrastructure in rural areas with the financial assistance from NABARD under RIDF (II to XVI). Since the inception of RIDF during 1995-96, NABARD has sanctioned 1109 projects involving RIDF loan of ` 1846.95 crore. Of the total sanctioned ` 1846.95 crore loans sanctioned, ` 1170.97 crore has been disbursed to State Government as on 30.9.2010. As against 1109 projects sanctioned, 606 projects have been completed and remaining 503 projects are under various stages of implementation.

The sector wise sanctions and releases as on 30.9.2010 were as follows:

TABLE-14.13
PROJECT WISE INFRASTRUCTURE DEVELOPMENT LOANS SANCTIONED
AND DISBURSEED TO GOVERNMENT OF ASSAM UNDER RIDF (II to XVI).

(Rupees in crore)

Sl. No	Activity	No. of Projects	Amount of Loan	Disbursement (as on 30.09.2010)
1.	Rural Bridges	780	1040.3268	690.0475
2.	Rural Roads	155	242.9701	168.4585
3.	Irrigation	71	185.0629	120.7838
4.	Flood Control	52	217.1137	159.9211
5.	MA &AH Project	6	8.5889	3.9099
6.	Small Hydel Project	2	46.1447	27.8442
7.	Marketing Infrastructure	14	90.8610	0.000
8.	Beel Fisheries Projects	8	7.5840	0.000
9.	Pay & use toilets (50 units)	21	8.2985	0.000
Total		1109	1846.9506	1170.9650

Source: NABARD's State Focus Paper, 2011-12(Assam)

North Eastern Development Finance Corporation Ltd [NEDFi]

NEDFi, since its inception has been playing a crucial role in catalyzing the development of economy of the Northeast India. NEDFi has been instrumental for identifying, financing and nurturing eco-friendly and commercially viable industries, infrastructure and agro-horticultural projects in the region. NEDFi is also giving special emphasis to cover small enterprises and micro finance to the needy at the grassroots in the region.

SME Sector

To promote the SME Sector as well as for larger capital formation in the State economy and create more employment opportunities NEDFi has adopted several innovative strategies in the state:

- Lending to SMEs; through innovative loan products like quasi-equity by designing products like NEEDS, WEDS, JEDS, SNEHH, IDEA etc.

- Innovative loan securitizing means through concepts of joint risk sharing mechanism with the community Institutions and backed by equity fund.
- Handholding entrepreneurs to prepare DPR, assistance in legal compliance, providing need based consultancy.
- Creating environment for SMEs by providing information about technology sourcing, imparting design & product development inputs, equipment supply & facilitation of negotiations with suppliers.
- Facilitating market linkages by organizing fairs, exposures & participation in National and International Trade fairs.

Apart from the above, NEDFi has conducted a special programme called **Business Facilitation Programme** in all the state of the NE region including Assam to boost the SME sector by targeting the first generation entrepreneurs including women entrepreneurs and provided counselling, guidance and financial assistance to potential entrepreneurs in formulating viable projects and technical guidance in setting up their SSI units.

Rural and Agri-allied Sectors

Since its inception, NEDFi has tried to maintain a participatory and bottoms up approach towards framing its policies and strategies. NEDFi has focused its activity towards rural areas since 1999 and re-aligned its policy and strategies to cater to the demand of the unlettered, unregistered and unorganized sector in rural region. To achieve its re-aligned vision and mission, NEDFi has undertaken the various activities -

Initiative for Development of Entrepreneurs in Agriculture (IDEA) is a recent initiative undertaken to encourage entrepreneurs engaged in the agri-business sector with timely and adequate finance.

Under Aggressive International Marketing Programme (AIMP), a new initiative on Water Hyacinth has been initiated. Twenty Days” Integrated Design and Skill Development Programme on Water Hyacinth” was organized at R&D Centre, Khetri with Designers from Industree Craft Foundation, Bangalore, where 21 artisans participated. Another four training programmes on Water Hyacinth were organized in association with DRDA in various parts of Assam where 95 artisans participated.

To give a boost to the local industries and products of the region, the Corporation has set up NEDFi Haat in Guwahati in the year 2002. NEDFi Haat mostly provides support to the unorganised sector of the industry. It is a permanent exhibition cum selling platform to display, sell and develop marketing network of the traditional and indigenous products of rural artisans as well as the products of cottage and small scale industries from Assam and other states. During the year 2009-10, twenty six fairs were organised at the NEDFi Haat at Ambari and facilitated sale of products worth of ` 2.50 crore.

NEDFi has set up R & D centre at Khetri, Sonapur in the district of Kamrup considering the enormous potential for cultivation of medicinal and aromatic plants (MAP) like patchouli, geranium, etc in the region. It provides research backed developmental activities on commercial cultivation & processing of MAPs as well as also helping the MAP farmers to get linkage for marketing their products.

The **Micro Finance Scheme** was launched to meet the needs of smaller entrepreneurs, especially in the villages and small towns of the region. Through this scheme, NEDFi supports Non-Government Organizations (NGO) for on lending to the “needy” (preferably Self-Help Group or individual) for taking up productive

activities in the field of agriculture, micro industries and service sectors including transportation, etc. Through its **Micro Finance Schemes** NEDFi has succeeded to reach out to 108169 beneficiaries in the NE Region out of which **76%** are women. **In Assam, total cumulative sanctions and disbursements figure are over ` 50 crore and around ` 43 crore.** Table 14.14 shows the trend of achievements under micro-finance by the NEDFi.

TABLE-14.14
SUMMARY OF YEAR WISE AMOUNT SANCTIONED AND AMOUNT DISBURSEMENTS
(As on March, 2010)

(Amount in Rupees Lakh)

Item	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	Total
Amount Sanctioned	3	40	119	154	243	93	150	501	1170	1344	1196	5012
Amount Disbursed	3	26	82	145	204	140	140	499	515	1120	1490	4364

Apart from these, the NEDFi also introduced following special need based schemes-

- Women Entrepreneur Development Scheme (WEDS): To assist women entrepreneurs for taking up business ventures.
- Jute Enterprise Development Scheme (JEDS): To provide financial assistance to new/existing tiny units engaged in the jute sector.
- Scheme for North East Handloom & Handicrafts (SNEHH): To help the manufacturers, designers/exporters engaged in handloom & handicraft products.

Alternative Livelihood Initiative

Special Initiative: Empowering women through value addition to a natural skill.

NEDFi has set up Common Facility Centre (CFC) at Chatra Village, Nalbari for 30 Bodo women who were imparted training on design development in weaving through the Centre for practical livelihood training. This Community development approach was based on – enhancing capacity and need based skill for alternative sustainable livelihood; providing support to establish infrastructure for alternative source of livelihood and organizing women in a common platform to raise their voices, sharing experience and fulfil their dreams.

One Village One Product Model to improve income level of marginal and small farmers.

NEDFi has also taken up “One Village One Product” to encourage farmers to concentrate on a single product. Gramya Vikash Mancha (GVM), a NEDFi assisted NGO took the initiative to organize the farmers in to the “**Rangman Farmers Club**” and introduced them to lemon cultivation in their surplus land. NEDFi provided 10000 saplings to the 425 farmers along with accessories like pruning knife and sprayers and also facilitated a one-time funding for the initial requirement of manure & insecticide. The NEDFi R&D Centre has been entrusted to take up capacity building programmes for the farmers to update the latest technique of cultivation practices. The “**Rangman Farmers Club**” now proposes to set up their own nursery for lemon saplings, so that they can meet their own demand for expansion and also can supply to nearby villages.

NEDFi's Performance in Assam and NER:

Year-wise amount sanctioned, disbursed and no. of project sanctioned (as on March 31, 2010)

Year-wise Number of Project Sanctioned															
States	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	Grand Total
Assam	2	12	13	25	37	49	69	91	129	110	98	66	73	72	846
NER	2	19	28	60	101	86	131	204	238	285	300	169	173	211	2007

Year-wise Amount Sanctioned (Rupees in lakh)															
States	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	Grand Total
Assam	682	1164	2198	1725	3945	3166	3401	2639	4084	7053	8545	16588	21351	22370	98911
NER	682	1923	2798	3495	8324	6304	6364	8970	8932	13132	13872	27945	26689	33341	162771

Year-wise Disbursement (Rupees in lakh)															
States	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	Grand Total
Assam	615	227	1062	932	3360	2472	2170	2964	2285	5342	6680	8872	13071	13512	63564
NER	615	355	1217	1463	5046	5079	5110	5209	5235	10431	9424	11643	18409	20808	100045

Assam Financial Corporation

The Assam Financial Corporation is considered to be the torch bearer of the industrial development of the region. The Corporation has been striving to boost up its performance and persistently working for it. On the sanction and disbursement front, in spite of various constraints, the Corporation is continuing its lending operations. During the Financial year 2009-10 the total sanction of loan was ` 728.19 lakh and disbursement was ` 377.70 lakh corresponding to ` 318.24 lakh and ` 350.51 lakh during the financial year 2008-09. The economic slow down due to global financial crisis resulted in uncertainty and decline in credit requirement during the last financial year for which the Corporation was not able to enlarge its loan portfolio.

Micro finance, which has added a new dimension in the economy recording exponential growth in credit delivery through SHG (Self Help Group) and JLG (Joint Liability Group), has been recognized as an effective means of empowering the rural and economically backward section of the society. The Corporation is implementing the Chief Minister's Micro Finance Scheme (CMMF) for which the Govt. of Assam has provided a low cost loan of ` 1000.00 lakh. The Corporation sanctioned loan to 5(five) eligible NBFC/NGO/MFI for on lending to deserving SHGs and JLGs etc. On Micro Finance front the Corporation sanctioned ` 411.00 lakh and disbursed ` 235.00 lakh respectively during the Financial Year 2009-10.

A new 'Venture Capital Fund' with a corpus of ` 400.00 lakh has been introduced to encourage the new and first generation entrepreneurs with innovative activities. The fund was provided by the Govt. of Assam for the purpose. The Corporation has already entered into an MOU with SIDBI and Govt. of Assam for revival of refinance from SIDBI and it is expected that this development will give a major boost to the operation of the Corporation in coming years.