

ROLE OF BANKING INSTITUTIONS IN IMPLEMENTING RURAL DEVELOPMENT PROGRAMMES: A MULTIPLE CASE OF JORHAT DISTRICT OF ASSAM, INDIA

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ABSTRACT:

The banking sector is a prime mover for the development of any region. Maybe, it is global, regional, central or any commercial bank, the activities of all banks are connected to the development of individuals, families, society, through augmenting the development of commercial, entrepreneurial developments. Banks are the main lever for the success of developmental plans of government at different levels. In our study, we examined the role of banking institutions in implementing the development programs of the governments. To conduct the study, we selected the Jorhat District of Assam (India). By applying the comparative case analysis of banks operated under the jurisdiction of Jorhat District we wanted to evaluate the banks in implementing the development programs in the developmental blocks of the district under the ambit of the study.

Keywords: Rural Development, Priority Sector, Credit & Advance, Panchayat, Bharat Nirman

INTRODUCTION:

Institutional finance refers to the credit or loan provided by financial institutions and the government. Generally, there are two sources of credit to rural people - institutional and non-institutional. Non-institutional or private sources include money lenders, traders and commission agents, relatives, landlords etc. and the institutional sources consist of the govt. and co-operatives, commercial banks including the Regional Rural Banks. Institutional agencies provide short, medium and long term credit to rural people.

The role of financial institutions in rural development has undergone significant changes since the nationalization of major commercial banks and the introduction of the Lead Bank Scheme. The institutional agencies have now become a powerful instrument for economic development and they undertake the commendable task of providing credit to rural masses for agriculture and allied activities, rural industries and the tertiary sector. Commercial Bank, Regional Rural Bank and Co-operative banks are the three prominent institutional agencies providing financial assistance for agricultural and rural development in India.

The study is restricted to financial institutions, especially banking institutions being an important mechanism for institutional finance for implementation RDP's for the benefit of rural people. The performance of banking institutions in the Assam and Jorhat districts are highlighted in this paper.

BACKGROUND OF THE STUDY:

Several research works have so far been done in India on different aspects of rural development. But still, sufficient research work has not been undertaken on the role of financial institutions and Development blocks in rural development programs. The Development Blocks have been introduced with the objective of development in specified rural areas and financial institutions have been entrusted to play important role in this connection. For the study, it is very important to examine how far development blocks and financial institutions are successful in fulfilling their objectives. But the researcher tries to highlight the role of a financial institution in the implementation of rural development programs.

OBJECTIVES OF THE STUDY:

1. To evaluate the role played by Banks in rural development in selected villages.
2. To analyze the problems faced by the operating banks in implementing RDP in the study area.

Methodology of the Study: Sample of Financial institutional (FIs) for the study: There are different types of financial institutions providing microfinance in the study area. But the Commercial Banks and Regional Rural Banks are taking an active role in financing rural development projects directly and indirectly with some other financial institutions. Therefore, only scheduled Commercial Bank and Regional

Rural Bank have been considered as sample financial institutions for the study and sample beneficiaries are selected by adopting the following methodology:

SAMPLING TECHNIQUE:

Probability Proportional to size (PPS) sampling technique has been applied for the selection of blocks, Gaon panchayats and Villages. The procedure of selection through PPS sampling is briefly described as follows:

- A list of all blocks, Gaon panchayats and Villages with their population in the study area have been collected.
- The running cumulative population for which the sample is required is calculated.
- Decided to select two development blocks out of eight development blocks for the study.
- The total population of each of the study areas is divided by the number of sites decided to visit i.e. 2. The result is called the Sampling Interval (SI) which comes to 486524.
- A number between 1 and the SI at random is chosen. This is the Random Start (RS) which comes to 401566 which is available in the Jorhat Development Block are selected as the first sample block.
- To identify the second development block we have added RS and SI, which comes to $(401566 + 486524 = 888090)$ available in the North West Development Block, so that block was selected as a sample block. Table 1.2 reveals the selection of sample blocks by using the PPS technique.

Table- 1.2: Selection of Blocks Using PPS Sampling Technique.

Sl No.	Name of the Development Block	Total Population	Cumulative population	Sample Dev. Blocks
1	Ujani Majuli Dev. Block	68847	68847	
2	Tibor Dev. Block	154152	222999	
3	Jorhat Dev. Block	256811	479810	401566 (RS)
4	Jorhat East Dev. Block	89776	569586	
5	Majuli Dev. Block, Kamalabari	98547	668133	
6	Central Dev. Block, Chelenghat	94062	762195	
7	North-West Dev. Block	134895	897090	888090 (RS+SI)
8	Kaliapani Dev. Block	75958	973048	
	Total	973048		

Source: District Census Handbook, Jorhat, Part XII-B, Series - 19

SAMPLING DESIGN:

The Sampling design of this study is based on a Multistage sampling procedure. The stages are as follows,

Stage-I: Jorhat Development Block and North West Development Block were selected out of 8 blocks of Jorhat district.

Stage-II: Jorhat Development Block is having 27 GP and North West Development Block with 18 GP out of 45 GPs, 4 GPs were selected by using the PPS sampling technique. The selected Gaon Panchayats are Karanga Gaon Panchayat, Moidhya Thengal Khongiya Gaon Panchayat from Jorhat Development Block and Dhekargarah Gaon Panchayat and Pub Sarucharai Gaon Panchayat from North West Jorhat Development Block.

Stage-III: Two villages from each select Gaon Panchayat are selected by using Probability Proportional to size (PPS) sampling Technique,

thus the total nos. of the sample, villages come to 8. The selected villages are, Kamar Hajarika Gaon, Hejari Gaon, No.2 Mohbondha Gaon, No.1 Bhalukmara, Dhekargarah, Sarucharai Gharfalia, Sarbaibandha, Bohotia Gaon.

Stage-IV: The list of household beneficiaries of eight select villages have been collected from the office of the Gaon Panchayat and 10% of such beneficiaries have been selected from the village as shown in table 1.3. Thus the total number of beneficiaries are selected for data collection comes to 288 households and data was collected from the beneficiaries by using personal interview and questionnaire methods.

Table- 1.3 Selected Blocks, Gaon Panchayat and Villages with no. of household beneficiaries.

Block	Gaon Panchayat	Village	Total Number of Beneficiary	Sample Size @ 10% Household beneficiaries
Jorhat dev. Block, Karanga	Karanga	Kamar Hazarika Gaon	730	73
		Hejazi Gaon	320	32
	Moidhya thengal Khongia	No.2 Mohbondha Gaon	580	58
		No.1 Bhalukmara	630	63
North West Development Block, Dhekargarah	Dhekargarah	Dhekargarah	190	19
		Sarucharai Gharfalia	40	4
	Pub Sarucharai	Sarbaibandha	110	11
		Bohotia Gaon	280	28
Total			2880	288

DATA ANALYSIS:

Jorhat is an administrative district of Assam, located in the central part of Brahmaputra Valley. The district is bounded by Lakhimpur district on the north, Nagaland State of the south, Sivsagar on the east and Golaghat on the west. On the north of the district, the river Brahmaputra forms the largest ravine island in the world. The administrative seat is located in Jorhat Town.

There are several numbers of financial institutions in the Jorhat District but the study covered only the banking institutions of the district that directly helps in the implementation of the rural development programme. The total numbers of banking institutions in the Jorhat district are 32 with 105 branches. Table 1.4 shows the number of bank branches operating in the Jorhat district as of march'2018.

Table: 1.4 No. of Bank Branches operating in Jorhat District as of 31st March'2018

Sl.No.	Name	Total No. of Branch	No. of Rural Branch
1.	Nationalized Bank (Excluding SBI)	51	22
2	State Bank of India	20	8
3	Regional Rural Bank	15	15
4	Co-Operative Bank	5	1
5	Private Bank	14	3
	Total	105	49

Source; Report of Lead Bank office, Jorhat

Table: 1.4 shows the total number of banking institutions in the Jorhat District along with their urban and rural branch in operations. There are five groups of banking institutions in Jorhat District namely 1. Nationalized Bank excluding State Bank of India with 51 numbers of branches out of which 22 numbers are rural branch, 2. State Bank of India with 20 numbers of branches out of which 8 numbers are rural. 3. Regional Rural Bank i.e Assam Gramin Vikash Bank with 15 numbers branches but all are working in rural areas. 4. Co-Operative Bank (Apex Bank and Konak Lata Mahila Urban Co-operative Bank) with 5 branches including one rural branch and 5 private banks with 14 number of branches out of which only three number of branches are working in the rural areas of the district.

POSITION OF DEPOSIT AND LOAN OF NATIONALIZED BANKS EXCLUDING SBI IN JORHAT DISTRICT:

All the Nationalized Banks played a vital role in Jorhat District. Present scenarios of Nationalized banks in the districts in terms of deposit and credits are shown in table 1.5

Table: 1.5 Deposit and Advance of Nationalized Bank in Jorhat District

Year	Deposit (Amount in Lakhs) Rs.	Advance (Amount in Lakhs) Rs.	CD ratio
2013-14	1,56,125.00	67,164.00	43%
2014-15	1,66,374.00	76,688.00	46%
2015-16	1,81,833.00	75,676.00	41%
2016-17	2,11,985.79	89,733.31	42%
2017-18	2,15,282.11	1,01,741.25	47%

Source; Report of Lead Bank office, Jorhat

Table: 1.5. Show the Deposits and Credits of Nationalized Bank in the Jorhat district with the credit deposit ratio. It is seen that the deposit of the nationalized bank gradually increased year by year in the district. The amount of deposit was Rs. 156125 lakhs in the year 2013-14 and it increased up to Rs. 215282.11 lakhs in the year 2017-18 similarly credit also increased year by year in the district. The credit deposit ratio was 43% in 2013-14 and it increased to 47% in the year 2017-18. It is seen that the deposit and credit flow of the nationalized banks increased during these periods.

ADVANCED TO PRIORITY SECTOR BY NATIONALIZED BANK IN JORHAT DISTRICT:

The Nationalized Banks provide a major portion of advance to priority sector for development in rural areas. Loans and advances provided by Nationalised banks in the Jorhat district are shown in the table: 1.6.

Table: 1.6 Advance to Priority Sector by Nationalized Bank in Jorhat District

Year	Total Advance (Rs.)	Advance to Priority Sector (Rs.)	Percentage of Advance to priority sector
2013-14	67,164.00	55951.00	83%
2014-15	76,688.00	63459.00	83%
2015-16	75,676.00	66013.00	87%
2016-17	89,733.31	74644.45	83%
2017-18	1,01,741.25	84510.18	83%

Source; Report of Lead Bank office, Jorha

Table 1.6 reveals the advance to the priority sector by nationalized banks out of their total advance. It was seen from the table that the out of the total advance from these institutions major part goes to priority sector. The percentages of advance to priority sector are almost same during this period i.e. 83%. Only 4% increased in the year 2016-17 to 87%.

Nationalized Banks play an important role in economic development by providing loans to the priority sector of the State. Like other parts of the State, nationalized banks played an important role by providing a major portion of the total advance to the priority sector in Jorhat District.

DISBURSEMENT OF CREDIT TO AGRICULTURE & ALLIED SECTOR UNDER ANNUAL CREDIT PLAN ALONG WITH PHYSICAL AND FINANCIAL TARGET AND ACHIEVEMENT:

The financing pattern Nationalized Banks in terms of target and achievement in physical and financial terms in Jorhat District are shown in Table; 1.7.

Table: 1.7 Year-wise Disbursement of Credit to Agri & Allied Sector under Annual Credit Plan of Nationalized Bank (Rs. in lakhs)

Year	Total				Agri & Allied Sector			
	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)
2013-14	19645	1274	27047	2303	14865	866	11057	468
2014-15	29698	14192	27047	24494	24874	11287	11057	6959
2015-16	32407	6274	34631	9305	24428	4505	13615	2372
2016-17	34198	5173	41622	10400	27144	3547	20835	3338
2017-18	26026	5748	37749	20183	20385	2913	19741	6621

Source: Lead Bank office, Jorhat

Table 1.7 shows year wise disbursement of credit to Agri. & Allied sector by Nationalized Bank under annual credit plan during 2013-14 to 2017-18. The table highlights year-wise physical target and physical achievement with financial target and achievement in financing Agriculture and Allied Sector compared to total disbursement by Nationalized Bank. The table highlighted that physical and financial achievement is highest in the year 2014-15 in total and Agri and allied sector than other years. In the year 2014-15 physical targets achieved 45.38% in the Agri and allied sector against a financial target of 62.93%.

STATE BANK OF INDIA (SBI):

Like other Nationalized Banks, the State Bank of India also played an important role in the implementation of rural development in Jorhat District by providing financial assistance. The present scenario of the State Bank of India in terms of Deposits and Credits are shown in table: 1.8

Table: 1.8 Deposits and Advance of State Bank of India in Jorhat District (Rs. in lakhs)

Year	Deposit (Rs.)	Advance (Rs.)	CD ratio
2013-14	1,36,005.00	54,420.00	40%
2014-15	1,93,241.00	60,792.00	31%
2015-16	1,98,719.00	66,904.00	34%
2016-17	2,12,905.96	81,753.19	38%
2017-18	2,36,381.14	1,01,108.35	43%

Source; Report of Lead Bank office, Jorhat

The expansion of banking facilities in the District over the years augmented not only in respect of volume of deposit but also in respect of disbursement of credit which is shown in table: 1.8 and also represents by Fig.1.3. The deposit of SBI increased year by in the district. It increased about 11% in the year 2017-18 as compared to the year 2016-17. Like deposits, disbursement of credit by the State Bank of India also recorded an impressive increase in Jorhat District. The total volume of credit has been increased to 101108.35 lakhs as compared to Rs. 54420.00 lakhs in the year 2013-14. On the other hand, the CD ratio also has been increased during this period.

The fig. 1.3 shows the growth of the State Bank of India in Jorhat District with the upward trends of deposit and credit during the period from 2013-14 to 2017-18. Here horizontal axis shows the year from 20103-14 to 2017-18 and the vertical axis shows the amount of deposit and credit during the period.

ADVANCE TO PRIORITY SECTOR BY STATE BANK OF INDIA JORHAT DISTRICT:

The State Bank of India provides a remarkable percentage of advances to the priority sector in Jorhat District out of the total advanced which is revealed in table 1.9.

Table: 1.9 Advance to Priority Sector by SBI in Jorhat District Amount in lakhs

Year	Total Advance (Rs.)	Advance to Priority Sector (Rs.)	Percentage of priority sector lending
2013-14	54,420.00	28,236.00	52%
2014-15	60,792.00	31,612.00	52%
2015-16	66,904.00	37,874.00	57%
2016-17	81,753.19	42,226.81	52%
2017-18	1,01,108.35	52,213.46	52%

Source; Report of Lead Bank office, Jorhat

Table 1.9 shows the amount of advance to the priority sector out of the total advance along with the percentage. It is seen that from the year 2013-14 to 2017-18 SBI advanced to priority sector at 52% except the year 2015-16, it was only the highest i.e. 57%. The percentage of priority sector is 57% in the year 2015-16 which is higher than other years. The percentage of advance to priority sector is same i.e. 52% in other years.

DISBURSEMENT OF CREDIT TO AGRI & ALLIED SECTOR UNDER ANNUAL CREDIT PLAN BY STATE BANK OF INDIA:

Performance of State Bank of India in financing agriculture and allied sector in physical and financial terms in Jorhat District are shown in Table: 1.10.

Table: 1.10 Year-wise Disbursement of Credit to Agri & Allied Sector under Annual Credit Plan by State Bank of India (Rs. in lakhs)

Year	Total				Agri & Allied Sector			
	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)
2013-14	10785	2992	11775	2420	10014	2719	4244	1068
2014-15	16701	10618	18758	11207	14014	8739	6244	3560
2015-16	18698	6582	22249	7770	13229	5536	7333	2738
2016-17	18595	7337	23273	9651	13836	6878	10752	3396
2017-18	16090	14946	22288	23261	13107	13933	13194	6372

Source; Report of Lead Bank office, Jorhat

ASSAM GRAMIN VIKASH BANK (AGVB):

Assam Gramin Vikash Bank is the one important group of Regional Rural Bank, that came into existence to develop the rural economy by providing credit and deposit facilities for agriculture and other productive activities in rural areas. Like other districts of the state, the Assam Gramin Vikash Bank successfully operates its activity in the Jorhat district. Table: 1.11 shows the present position of credit and deposit of the AGVB in the Jorhat District.

Table: 1.11 Deposits and Advance of AGVB in Jorhat District (Rs. in lakhs)

Year	Deposit (Rs.)	Advance (Rs.)	CD Ratio
2013-14	17,930.00	13,034.00	73%
2014-15	45,438.00	14,394.00	32%
2015-16	25,081.00	15,177.00	61%
2016-17	25,656.92	13,975.93	54%
2017-18	25,944.95	13,235.39	51%

Source; Report of Lead Bank office, Jorhat

Table 1.11 highlights the deposit, advance and credit deposit ratio of AGVB. It is seen that the trends of deposit gradually increase over the years. The deposit of the bank was Rs. 17,930.00 lakhs in the year 2013-14 but it increased to Rs. 25,944.95 lakhs in the year 2017-18. on the other hand CD ratio of the bank is highest in the year 2013-14 i.e.73% but it is very low in the year 2014-15. The deposit of the year 2014-15 is the highest but the advance is low as compared to the deposit.

ADVANCE TO PRIORITY SECTOR BY ASSAM GRAMIN VIKASH BANK IN JORHAT DISTRICT:

Assam Gramin Vikash Bank played an important role in financing the priority sector in Jorhat District. Table: 1.12 shows the advance to priority sector by the Assam Gramin Vikash Bank in the district from the year 2013-14 to 2017-18.

Table: 1.12 Advance to Priority Sector by AGVB in Jorhat District

Year	Total Advance (In Rs.)	Advance to Priority Sector (In Rs.)	Percentage of priority sector lending
2013-14	13,034.00	10313.00	79%
2014-15	14,394.00	11296.00	78%
2015-16	15,177.00	12974.00	85%
2016-17	13,975.93	12189.13	87%
2017-18	13,235.39	10997.48	83%

Source; Report of Lead Bank office, Jorhat

From the table; 1.12. it is seen that AGVB has provided the major percentage of total advance to the priority sector. The highest percentage of advanced to priority sector was in the year 2016-17 i.e. 87%, followed by 85% in the year 2015-16, 83% in the year 2017-18 and below 80% in the years 2013-14, 2014-15.

Disbursement of Credit to Agri & Allied Sector under Annual Credit Plan by AGVB:

The credit disbursement position to Agri and allied sector by AGVB are shown in Table: 1.13

Table: 1.13 Year-wise Disbursement of Credit to Agri & Allied Sector by AGVB (Rs. in lakhs)

Year	Total				Agri & Allied Sector			
	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)
2013-14	9632	582	8570	513	5490	427	3720	198
2014-15	11602	6178	9188	2980	9440	5419	4941	1765
2015-16	14946	3799	13972	2082	12174	2414	6713	1018
2016-17	17014	2978	18279	3979	14265	2054	9594	2564
2017-18	15423	3006	20588	2681	13941	2127	13700	738

Source; Report of Lead Bank office, Jorhat

LOANS AND ADVANCES BY CO-OPERATIVE BANK IN JORHAT DISTRICT:

Besides commercial banks, cooperative banks are functioning with government support for the development of the rural and urban areas

of Assam. Two co-operative banks are operating in the Jorhat district on the principles of Co-Operative and engaged in the normal banking business of accepting deposits from the public and giving advances to the customers. Assam Co-operative Apex Bank and Kanaklata Mahila Urban Co-Operative Bank are operating in Jorhat district under the principles of Co-operatives with their 5 branches. The amount of deposit and advance Co-Operative Banks in Jorhat District for the last five years are shown in the table: 1.14

Table: 1.14 Deposit and Credit of Co-Operative Banks in Jorhat District (Rs. in lakhs)

Year	Deposit (Rs.)	Advance (Rs.)	CD ratio
2013-14	4258.00	699.00	16%
2014-15	5054.00	892.00	18%
2015-16	4829.00	1015.00	21%
2016-17	5907.47	972.08	16%
2017-18	6400.52	1137.59	18%

Source; Report of Lead Bank office, Jorhat

Table: 1.14 shows the deposit and credit of Co-Operative banks along with the credit-deposit ratio. From the table, it is seen that the credit deposit ratio of Cooperative banks is not satisfactory compared to other banks operating in the study area. The deposit of the bank gradually increases but the advance is not remarkable as compared to the deposit. The CD ratio was only 21% in the year 2015-16 and below 20% in other years.

ADVANCE TO PRIORITY SECTOR BY CO-OPERATIVE BANK IN JORHAT DISTRICT:

Co-Operative Bank especially Kanak Lata Mahila Urban Co-Operative Bank played a vital role in financing priority sector projects in Jorhat District. Table: 1.15 shows the advance to priority sector by the Co-Operative Bank in the district from the year 2013-14 to 2017-18.

Table: 1.15 Advance to Priority Sector by Co-Operative Bank in Jorhat District (Rs. in lakhs)

Year	Total Advance (Rs.)	Advance to Priority Sector (Rs.)	Percentage to priority sector
2013-14	699.00	491.00	70%
2014-15	892.00	607.00	68%
2015-16	1015.00	707.00	70%
2016-17	972.08	681.10	70%
2017-18	1137.59	785.42	69%

Source; Report of Lead Bank office, Jorhat

Table: 1.15 highlights the advance to priority sector out of the total advance of the Cooperative banks in Jorhat District. It very good sign that out of the total advance the bank has provided almost 70% of their loan portfolio to the priority sector.

DISBURSEMENT OF CREDIT TO AGRI & ALLIED SECTOR UNDER ANNUAL CREDIT PLAN BY CO-OPERATIVE BANK:

The position of Co-operative Banks in providing credit to Agri and allied sector in Jorhat district is shown in Table: 1.16

Table: 1.16 Disbursement of Credit to Agri & Allied Sector by Co-operative Banks in Jorhat District (Rs. in lakhs)

Year	Total				Agri & Allied Sector			
	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)	Physical target (No. of Proposal)	Physical Achievement (No. of Proposal)	Financial Target (Rs.)	Financial Achievement (Rs.)
2013-14	587	163	921	38	438	19	302	5
2014-15	784	1280	921	397	584	149	302	152
2015-16	893	1457	823	303	398	113	248	19
2016-17	1021	1526	916	403	514	45	309	23
2017-18	793	1341	1129	529	613	52	598	23

Source; Report of Lead Bank office, Jorhat

PRESENT SCENARIO OF PRIVATE BANKS IN JORHAT DISTRICT:

The private sector banks played a significant role in the growth of the banking system in India. During the first half of the twentieth century, there was a mushroom growth of the private sector commercial bank. In 1951, there were in all 566 private sector banks in India out of which 474 were non-scheduled and 92 were scheduled.

In Jorhat district at present 8, no. of private sector banks are operating with 17 nos. of branches. The present position of Private Sector Bank in terms of Deposits and Advance in Jorhat District are shown in the table: 1.17

Table: 1.17 Deposit and Credit of Private Banks in Jorhat District (Rs. in lakhs)

Year	Deposit (Rs.)	Advance (Rs.)	CD ratio
2013-14	30672.00	19242.00	63%
2014-15	34885.00	21172.00	61%
2015-16	33494.00	28395.00	84.8%
2016-17	52531.37	45625.16	86%
2017-18	60095.44	50081.33	83.3%

Source; Report of Lead Bank office, Jorhat

From the table, it is seen that during this period, the amount of advance increased continuously over the year. The main objectives of the private banks are earned to more profits; therefore, they mobilize their deposits and through aggressive marketing provide loans at easy terms and conditions. This practice of providing easy loans has increased their figure of advance and their CD ratio reached up to 80% and above which is higher than other nationalized banks.

Advance to priority sector by Private Banks in Jorhat district:

Private Banks played a vital role in financing the priority sector in Jorhat District. Table: 1.18 shows the advance to priority sector

by the Private Banks in the district from 2013-14 to 2017-18.

Table: 1.18 Advance to Priority Sector by Private Banks in Jorhat District (Rs. in lakhs)

Year	Total Advance (Rs.)	Advance to Priority Sector (Rs.)	Percentage to priority sector
2013-14	19242.00	9164.00	48%
2014-15	21172.00	10958.00	52%
2015-16	38395.00	24886.00	65%
2016-17	55625.16	39655.47	71%
2017-18	70081.33	47232.92	67%

Source; Report of Lead Bank office, Jorhat

ROLE OF FINANCIAL INSTITUTIONS IN STUDY AREA:

Financial institutions played an important role in the implementation of rural development programs. Like another block of the district of Jorhat, financial institutions mean banking institutions played a vital in selected blocks of the study areas. There are two selected blocks for the study namely Jorhat Development Block and North West Development Block. The majority of the beneficiaries of the rural development programme were benefited by Allahabad Bank in North West Development Block and Assam Gramin Vikash Bank, State Bank of India in Jorhat Development Block. Moreover, some of the beneficiaries were taking the benefit of the rural development program from Punjab National Bank, Kanak Lata Mahila Urban Co-operative Bank and another Private banks like ICICI, HDFC etc. The performance of these institutions in the study is shown below.

ALLAHABAD BANK IN THE STUDY AREA:

Allahabad Bank is one of the important nationalized banks in India and played an important role in providing financial assistance to unemployed youth for self-employment under the department of Panchayat and rural

development through various rural development programmes. The financial activity of the last three years of Allahabad Bank in the study area is shown in table: 1.19

Table: 1.19 Project/ Proposal wise loan sanctioned by Allahabad Bank during last three years

Name of the Projects	2015-16		2016-17		2017-18	
	No. of Proposals	Amount of loan Sanctioned (In Rs.)	No. of Proposals	Amount of loan Sanctioned (In Rs.)	No. of Proposals	Amount of loan Sanctioned (In Rs.)
Piggery Farming	0	0	0	0	1	4,50,000
Handloom and Textile	6	2,88,000	0	0	5	7,50,000
KCC	281	82,60,000	60	32,00,000	2	1,20,000
KVIB	0	0	1	1,90,000	0	0
DI&CC	0	0	1	3,00,000	0	0
Dairy Farming	10	32,40,000	0	0	8	39,96,000
KVIC	0	0	0	0	0	0
Fishery	4	9,80,000	4	9,80,000	0	0
Total	301	1,27,68,000	66	46,70,000	16	53,16,000

Source; Report of Lead Bank office, Jorhat

Table;1.19 shows the number of loans sanctioned by Allahabad Bank during the last three years from 2015-16 to the year 2017-18 against the nos. of proposals under different projects of economic activities. It has been observed that the maximum amount of loan sanctioned in the year 2015-16 i.e. Rs.1,27,68,000 against 301 numbers of proposals followed by Rs.53,16,000 against 16 proposals in the year 2017-18. It also reveals the maximum no. of proposals sanctioned under Kishan Credit Card in the year 2015-16 and 2016-17 but maximum no. of the project under Dairy Farming sanctioned in the year 2017-18 i.e. Rs. 39,96,000 against 8 nos. of projects. The table reveals that the amount of loan sanctioned to the beneficiaries has been increased than the previous year's project cost. the maximum amount of loan sanctioned by Allahabad Banks

under Krishna Credit Cards (KCC) during the last two years followed by Handloom and textile. Credit limits under KCC range from Rs. 50000 to Rs. 200000 as per Govt. of India scale of a farmer based on landholding of the borrowers. In the study area, it has been observed that the average KCC loan in all the years was found to be around Rs. 50,000.

BENEFITS DERIVE FROM ALLAHABAD BANK REGARDING SOCIAL SECURITY'S SCHEMES:

And Coverage of Accounts during as 31st March 2018 shown by table: 1.20

Table: 1.20 Contribution of Implementation SSS by Allahabad Bank

Sl. No.	Name of the Scheme / Coverage of Accounts	No.of Beneficiaries
1.	Pradhan Mantri Suraksha Bima Yojana (PMSBY)	1,454
2.	Pradhan Mantri Jybanjyoti Bima Yojana(PMJJB Y)	1,113
3	Atal Pension Yojana (APY)	45
4.	Prime Minister Jan Dhan Yojana (PMJDY)	3,747
5	New Savings Bank Accounts other than PMJDY	32,891

Source; Report of Lead Bank office, Jorhat

Moreover, during the year 2017-18 under the National Rural Livelihood Mission 91 proposals were received by the bank out of which they have sanctioned 46 proposals and Rs. 48, 50,000 has been disbursed against 39 proposals.

ROLE OF ASSAM GRAMIN VIKASH BANK IN THE STUDY AREA:

Assam Gramin Vikash Bank played an important role in the implementation of rural development programmes in rural areas, particularly in the Jorhat Development Block of Jorhat District. The activities of AGVB are shown in table 1.21

Table: 1.21 Project/ Proposal wise loan sanctioned by AGVB during last three years

Name of the Projects	2015-16		2016-17		2017-18	
	No. of Proposals	Amount of loan Sanctioned (Rs.)	No. of Proposals	Amount of loan Sanctioned (Rs.)	No. of Proposals	Amount of loan Sanctioned (Rs.)
Piggery Farming	0	0	53	74,37,000	13	7,06,000
Handloom and Textile	142	56,80,000	75	35,24,000	81	28,98,000
KCC	2524	9,41,05,000	1001	3,24,67,000	1893	6,50,04,000
KVIB	0	0	2	4,54,000	2	9,00,000
DI&CC	0	0	1	3,00,000	9	18,00,000
Dairy Farming	7	6,06,000	0	0	8	14,84,000
KVIC	0	0	3	9,00,000	2	8,00,000
Fishery	0	0	0	0	2	1,25,000
Total	2673	10,03,91,000	1135	4,50,82,000	2010	7,37,17,000

Source; Report of Lead Bank office, Jorhat

Table 1.21 reveals the progress of Assam Gramin Vikash Bank in the study areas. It is seen that the total no. of proposals sponsored by the Bank were 1569 out of which 1135 no. of proposals were sanctioned during the year with an amount of Rs. 4,50,82,000. The majority no. of proposals sanctioned under the schemes of Kishan Credit Cards i.e. 1001 with the amount of Rs. 3,24,67,000 and followed by Handloom and Textile i.e. 75 with the amount of RS. 35,24,000. Rs. 74,37,000 sanctioned against the proposals of 53, under the scheme of Piggery Farming and 2 proposals for KVIB, 3 proposals for KVIC and 1 proposal for DIC during 2016-17.

Assam Gramin Vikash Bank is also involved in the implementation of Social Security Schemes as per the direction of the Govt. Some of the important Social Security Schemes implemented by AGVB are shown in the table: 1.22.

Table 1.22 Implementation of SSS by AGVB as on 31-03-2018

Sl. No.	Name of the Scheme / Coverage of Accounts	No. of Beneficiaries
1.	Pradhan Mantri Suraksha Bima Yojana(PMSBY)	18,363
2.	Pradhan Mantri Jybanjyoti Bima Yojana(PMJJB)	3,429
3	Atal Pension Yojana (APY)	1,985
4.	Prime Minister Jan Dhan Yojana (PMJDY)	74,001
5	New Savings Bank Accounts	3,27,751

Source; Report of Lead Bank office, Jorhat

Besides the above financial assistance to the educated and rural unemployed youth, the Assam Gramin Vikash Bank played an important role in providing social security to the rural poor. The table 1.22 it is seen that AGVB covered 18363 beneficiaries under the scheme PMSBY, 3429 beneficiaries under PMJJBY, 1985 under APY and 74001 beneficiaries under PMJDY.

Assam Gramin Vikash Bank in Jorhat Development Block and Allahabad Bank in Northwest Development Block played an important role in rural development. But due to some geographical problem beneficiaries of both selected blocks availed the benefit of rural development programmes from other banking institutions like State Bank of India, Panjab National Bank, Kanak Lata Mahila Urban Co-operative Bank, private banks like ICICI, HDFC etc which are not located in the selected blocks.

ROLE OF STATE BANK OF INDIA IN THE STUDY AREA:

State Bank of India is one of the Important Nationalized Bank in India. Like other States or districts, the State Bank of India mobilized their deposits from different sectors. But out of the total numbers branches of the SBI, the majority is located in urban areas. In the Jorhat district out of a total of 20 branches, only 8 branches are located in rural areas. Only one branch of SBI is located in the Jorhat Development Block i.e. in the study area. The performance of this branch are shown in the table; 1.23

Table:1.23 Project/ Proposal wise loan sanctioned by SBI during last three years

Name of the Projects	2015-16		2016-17		2017-18	
	No. of Proposals	Loan Sanctioned (Rs.)	No. of Proposals	Loan Sanctioned (Rs.)	No. of Proposals	Loan Sanctioned (Rs.)
Handloom and Textile	40	4,00,000	0	0	2	1,00,000
KCC	334	1,59,07,805	556	1,61,37,457	694	3,15,93,990
KVIB	0	0	6	14,25,000	5	25,00,000
DI&CC	0	0	0	0	7	22,00,000
KVIC	0	0	2	6,00,000	5	16,00,000
Total	374	1,63,07,805	564	1,81,62,457	713	3,79,93,990

Source; Report of Lead Bank office, Jorhat

Table 1.23 revealed the role of SBI in study areas. It is seen that during this period majority of the beneficiaries benefited from the scheme of Krishan Credit Card. Highest numbers of proposals sanctioned in the year 2017-18 as compared to the previous years. Only 40 nos. of proposals sanctioned with an amount of Rs. 4,00,000 to Handloom & Textile during the year 2015-16 while it is two proposals in the year 2017-18. In the year 2017-18 the amount sanctioned Rs. 25 lakhs for KVIB against 5 proposals, Rs. 22 lakhs for DI&CC and Rs. 16 lakhs for KVIC which is more than previous years. But it is seen that no amount of loan sanctioned by SBI against the self-employment project such as piggery farming, dairy farming, fishery etc. to the rural people in the study area.

Other financial institutions like Kanaklata Mahila Urban Co-Operative Bank, Punjab National Banks or other private banks are also operating in the district. But branches of such banks are not operating from the select study area hence not considered for analysis.

IMPLEMENTATION OF RDP IN SELECTED GAON PANCHAYATS;

Every beneficiary of rural development programmes and creations of community assets in rural areas under RDPs are financed by financial institutions. Financial involvements in

different rural development programmes in selected panchayats are shown below:

PROGRESS OF SELECTED FOUR GAON PANCHAYAT OF SAMPLE BLOCKS:

The Government of India and the Government of Assam take steps to implement different rural development programmes for the development of rural people. For proper implementation of these programmes, the government has sanctioned funds from time to time. As per the guidelines of the government, DRDA, Block and Panchayat offices implement these programmes with the help of financial institutions, particularly banks.

FINANCIAL INVOLVEMENT IN IMPLEMENTING MGNREGA SCHEME:

Work under MGNREGA are selected by Gram Panchayat as per guidelines of the government to link livelihood security with locally relevant production activities. The priority was water conservation, followed by drought-proofing, micro-irrigation, land development, rural connectivity, and renovations of traditional water bodies, flood control and other works notified by the Central Government including the construction of Rajiv Gandhi Sewa Kendra, provision of rural drinking water, rural sanitation etc. under the category of Bharat Nirman. The types of work and the amount spent on them in selected panchayats of Jorhat Development Block and North West Development Block of Jorhat district from 2013-14 to 2017-18 are shown in the following tables.

Table: 1.24 shows the progress of the Karanga Gaon Panchayat of Jorhat Development block from the year 2013-14 to 2017-18.

Table; 1.24 Financial involvement in Assets creation (individual and community) in Karanga GP of Jorhat Dev.Block (Rs. in Lakhs)

Work Category	2013-14 Actual Exp. (Rs.)	2014-15 Actual Exp. (Rs.)	2015-16 Actual Exp. (Rs.)	2016-17 Actual Exp. (Rs.)	2017-18 Estimated Exp. (Rs.)
Rural Connectivity	18.689	2.564	0	0	0
Construction of IAY dwelling Unit	0	0	3.000	0.080	0
Micro-Irrigations	0	4.733	3.239	1.876	11.647
Water Conservations	0	0.273		1.338	2.318
Drought Proofing	0	0	0.277	0.785	5.464
Flood Control	0	0	5.301	2.792	0
Land Development	0	1.688	4.347	4.484	5.832
Bharat Nirman	9.338	0	0	0	0
Total	28.027	9.258	16.164	11.355	25.261

Source: www.nerega.nic.in, work expenditure

The table highlighted that rural connectivity and Bharat Nirman consumed a major part of expenditure during the year 2013-14. Out of the total expenditure of the year, 66.68% was spent for rural connectivity and the remaining for Bharat Nirman i.e. constructions of Rajiv Gandhi Sewa Kendra while a major part of the expenditure incurred for micro-irrigation, followed by rural connectivity, land development and water conservations in the year 2014-15. Flood control consumed a major part of expenditure in the year 2015-16, followed by land development and constructions of IAY dwelling units. On the other hand, the highest amount of expenditure was incurred for land development in the year 2016-17 followed by flood control, micro-irrigations and water conservations. In the current year i.e. 2017-18 major part of the expenditure is estimated to be micro-irrigations, followed by land development and drought-proofing, i.e. Rs. 11.65, Rs.5.83 and Rs. 5.46 lakhs respectively.

Table: 1.25 shows the progress of Madhya Thengal Khongia Gaon Panchayat of Jorhat Development block from the year 2013-14 to 2017-18

Table; 1.25 Financial involvement in creations of Individual and Community Assets in Madhya Thengal Khongia GP, Jorhat Dev.Block (Rs. in Lac.)

Work Category	2013-14 Actual Exp. (Rs.)	2014-15 Actual Exp. (Rs.)	2015-16 Actual Exp. (Rs.)	2016-17 Actual Exp. (Rs.)	2017-18 Estimated Exp. (Rs.)
Rural Connectivity	3.423	0	0	7.917	5.150
Construction of IAY dwelling Unit	0	0	4.878	1.190	0
Micro-Irrigations	0	0	11.670	2.593	2.950
Water Conservations	0	0	4.355	0	0
Dough Proofing	0	0	0	5.477	0
Land Development	0	0	0	0	1.420
Bharat Nirman	10.931	0	0	0	10.931
Total	14.354	0	20.903	17.177	20.451

Source: www.nerega.nic.in

Table 1.25 shows the expenditure related to the creation of community assets of Madhya Thenagal Khongia Gaon Panchayats of Jorhat Development Block. It is seen that the major part of total expenditures of the year 2013-14 was incurred against the work of Bharat Nirman and the remaining part for rural connectivity while no type of works has been done by the panchayats in the year 2014-15. Micro-irrigation consumed a major portion of the total expenditure of the year 2015-16, followed by constructions of IAY dwelling units and water conservations. In the year 2016-17 major part of the expenditure was incurred for rural connectivity followed by drought-proofing, micro-irrigation and constructions of IAY dwelling units. A major part of expenditure estimated to Bharat Nirman, followed by rural

connectivity, micro-irrigations for the year 2017-18.

Table: 1.26 shows the progress of Pub Saruchari Gaon Panchayat of North West Development block from the year 2013-14 to 2017-18.

Table: 1.26 Financial involvement in creations of Community Assets in Pub Saruchari GP. Of North-West Development Block Amt. in Lac.

Work Category	2013-14 Actual Exp. (Rs.)	2014-15 Actual Exp. (Rs.)	2015-16 Actual Exp. (Rs.)	2016-17 Actual Exp. (Rs.)	2017-18 Estimated Exp. (Rs.)
Rural Connectivity	7.831	0	6.420	0	0
Construction of IAY dwelling Unit	2.925	0	0	3.819	1.350
Micro-Irrigations	0	0	0	0.038	0
Water Conservations	0	0	2.004	2.572	1.508
Fishery	0	0	2.410	0	0
Bharat Nirman	6.497	0	0	0	0
Total	17.253	0	10.834	6.429	2.858

Source: www.nerega.nic.in

Table: 1.26 highlighted the amount of expenditure related to the creations of community assets in Pub Saruchari Gaon Panchayat of North West Development Block in Jorhat District. It is revealed that out of the total expenditure i.e. Rs.17.253 lakhs, 45.39% for rural connectivity, 16.95% for construction of IAY dwelling units and the remaining amount consumed for Bharat Nirman in the year 2013-14. On the other hand, no amount of funds was utilized in the year 2014-15 for the creation of community assets; it may be due to the cause of non-availability of funds. In the year 2015-16 rural connectivity consumed a major part of the expenditure, followed by fishery and water conservations. Out of the total expenses of the year 2016-17, a major amount was incurred for the construction of IAY dwelling units followed by water conservations. But for the year 2017-

18, a project proposal was submitted only for constructions of IAY dwelling units and water conservations with an estimated cost of Rs. 1.35 and Rs.1.51 lakhs up to the date.

Table: 1.27 shows the progress of Dhekargarh Gaon Panchayat of North-West Block Development from the year 2013-14 to 2017-18

Table; 1.27 Financial involvement in creations of Individual and Community Assets in Dhekargarh GP, North West Jorhat Development Block (Amt. in Lac.)

Work Category	2013-14 Actual Exp. (Rs.)	2014-15 Actual Exp. (Rs.)	2015-16 Actual Exp. (Rs.)	2016-17 Actual Exp. (Rs.)	2017-18 Estimate d Exp. (Rs.)
Rural Connectivity	4.220	0	1.245	0	9.820
Construction of IAY dwelling Unit	3.000	0	2.026	0.099	0
Micro-Irrigations	0.055	0	0.741	0	2.830
Water Conservations	0	0	1.285	0	0
Bharat Nirman	5.370	0	0	0	0
Total	12.645	0	5.297	0.099	12.650

Source: www.nerega.nic.in

The table highlighted the expenditure for community assets in Dekargarah GP of North West Development Block. It shows that Bharat Nirman consumed the majority part of the expenditure in the year 2013-14 followed by rural connectivity, construction of IAY dwelling units and micro-irrigation but no expenditure was made in the year 2014-15 for the creation of community assets, maybe due to the unavailability of the fund. A major part of the expenditure of the year 2015-16 was increased for construction of IAY dwelling units, the almost same amount was spent for rural connectivity and water conservations in this year on the other hand only Rs.0.099 lakhs incurred for constructions of IAY dwelling units in the year 2016-17 and estimated cost for rural connectivity and micro-irrigations are Rs. 9.82

and Rs.2.83 lakhs respectively for the year 2017-18.

CMJJSY IN SAMPLE BLOCKS:

The Chief Minister's Jeevan Jyoti Swaniojan Yojana is a self-employment generation programme of Assam. The programme provides financial assistance to educated unemployed youth of Assam. Under this scheme, thousands of educated youths became self-employed by undertaking different productive income-generating activities. Financial assistance is offered in the form of institutional credit supported by subsidies. The Government of Assam has entrusted the State Institute of Rural Development (SIRD) with the proper implementation of the scheme. Like other parts of the State, the district administration of Jorhat implemented this scheme in Jorhat district. Out of the eight blocks more than 100 beneficiaries were benefited under this scheme in Jorhat Development Block and North West Development Block. The bank-wise and economic activity-wise beneficiaries in both the blocks are shown in the following tables.

Table 1.28 shows the number of loans sanctioned by different financial institutions, particularly Banking institutions for different economic activities under Chief Minister's Jeevan Jyoti Swaniojan Yojana (CMJJSY) in Jorhat Development Block of Jorhat District.

Table; 1.28 Bank wise/ Activity wise loan under CMJJSY in Jorhat Development Block During study period (Rs. in Lakh.)

Economic Activity	AGVB (Rs.)	PNB (Rs.)	SBI (Rs.)	UBI (Rs.)	UCO (Rs.)	KMU CB (Rs.)	BOI (Rs.)	CANA (Rs.)	VIJAY A (Rs.)
Handloom	22.00	2.00	0	2.00	4.00	2.00	2.0	2.00	0
Beauty Parlor	1.50	0	0	0	0	0	0	0	0
Poultry Farming	6.00	8.00	0	3.00	0	0	0	0	0
Power Tiller	1.49	0	0	0	0	0	0	0	0
Tailoring	1.50	3.00	2.00	0	0	0	0	0	2.00

Food Processing Unit	2.00	0	0	0	0	0	0	0	0
Mashroom Cultivation	3.00	0	0	0	0	0	0	0	0
Readymade Garment	2.50	3.50	0	0	0	0	0	0	0
Mobile Repairing	3.00	0	0	0	0	0	0	0	0
Agri.Transport	0	9.08	0	0	0	0	0	0	0
Computer Centre/DT P	0	3.50	0	0	0	1.00	0	0	0
Fishery	0	2.00	0	0	0	0	0	0	0
Piggery Farming	0	8.00	0	0	0	0	0	0	0
Dairy Farming	0	0	0	4.00	0	0	0	0	0
Tent House	0	2.00	0	0	0	0	0	0	0
Fast Food	0	0	0	3.50	0	0	0	0	0
Cane & bamboo	0	3.00	0	0	0	0	0	0	0
Total	36.99	36.08	2.00	12.50	4.00	3.00	2.00	2.00	2.00

Source: Report of SIRD, Jorhat

The table shows that Assam Gramin Vikash Bank and Punjab National Bank offered the maximum amount of loan to the beneficiaries of the Jorhat Development block under the scheme CMJJSY in different categories of economic activity than other financial institutions of the district. AGVB offered 36.99 lakhs loan to the beneficiaries out of which 59.48% to Handloom and Textile followed by poultry farming (16.22%), mushroom cultivations, mobile repairing, fast food, readymade garments etc. whereas Punjab National Bank offered the major part of the loan to the Agri-Transport carrier i.e. Rs.9.08 lakhs. And sanctioned Rs. 8.00 lakhs each to Poultry and Piggery farming, followed by readymade garments Rs. 3.5 lakhs, computer and DTP centre Rs. 3.5 lakhs, cane& bamboo Rs.3.0 lakhs and Fishery and tent house Rs. 2.0 lakhs each. Other than these two UBI offered Rs. 12.50 lakhs for poultry farming, Dairy Farming and Fast food corner. Nominal amount Rs. 2 lakhs loan was sanctioned by SBI, UCO bank Rs. 4.00 lakhs, KMUC Rs. 3.00 lakhs Bank of India, Canara Bank

and Vijaya bank sanctioned only Rs. 2.00 lakhs each to beneficiaries of CMJJSY.

Table 1.29 shows the number of loans sanctioned by different financial institutions, particularly Banking institutions for different economic activities under Chief Minister's Jeevan Jyoti Swaniojan Yojana(CMJJSY) in the North West Development Block of Jorhat District.

Table; 1.29 Bank wise/ Activity wise loan under CMJJSY in North West Development Block During the study period (Rs. in Lakh.)

Economic Activity	AGVB (Rs.)	Allahabad Bank (Rs.)	SBI (Rs.)	KMUC B (Rs.)	Central Bank (Rs.)
Handloom	22.00	0	0	10.00	0
Dhaba cum Restaurant	0	2.00	0	0	0
Poultry Farming	2.00	0	0	0	0
Power Tiller	3.09	6.00	0	0	0
Tailoring	3.50	0	0	1.00	1.50
Readymade Garment	0	3.00	0	0	0
Screen Printing	1.50	0	0	0	0
Piggery Farming	2.00	0	0	0	0
Dairy Farming	0	0	4.00	0	0
Total	34.09	11.00	4.00	11.00	1.50

Source: Report of SIRD, Jorhat

The table shows that AGVB, Allahabad Bank and Kanaklata Mahila Urban Co-operative Bank played an important role in financing the beneficiaries under the scheme of CMJJSY in the North West Development Block of Jorhat District. Assam Gramin Vikash Bank offered 34.09 lakhs loan to the beneficiaries out of which Rs. 22.00 lakhs to Handloom and Textile (64.53%), followed by tailoring Rs. 3.50 lakhs (10.85%), power tiller Rs.3.09(9.06%) and the same amount to Poultry farming, Piggery farming i.e. Rs.2.00 lakhs each. On the other hand, a good number of beneficiaries had got the benefit from Allahabad Bank. The total amount of loan

sanctioned by Allahabad Bank is Rs. 11.00 lakhs to the beneficiaries of CMJJSY. Out of which majority of the beneficiaries have got the loan under the project of power tiller (54.54%), Readymade Garments (27.27%) and Dhaba cum Restaurant (18.18%). At present, the Cooperative banks are not in a position to offer financial assistance to the beneficiaries but the newly established; Kanaklata Mahila Urban Co-Operative Bank offered Rs.11.00 lakh as an amount of loan to the beneficiaries of CMJJSY in North West Development Block. They offered 91% against Handloom and Textile and only 9% to the tailoring unit. Other Banking institutions like SBI offered only Rs. 4.00 lakh and Canara Bank Rs. 1.50 lakhs are an amount of loan to the beneficiaries under the scheme of CMJJSY.

CONCLUSION:

From the foregoing discussion, it can be concluded that rural finance played an important role in economic development in rural areas where a large proportion of the population reside. Institutional finance is the most important input for the development of economic activity and proper implementations of rural development programmes. It is a fact that rural institutional finance is the backbone of the economy which leverages all economic activities and help in the growth and development of the nations, be it the industrial sector or rural sector. Institutional finance influences the level of national income, employment, the living standard of people and social welfare.

Hence to uplift the living standard of rural people and overcome chronic problems like poverty, unemployment, illiteracy, malnutrition, reduce income inequality between the rural and urban institutional finance is very necessary. The need for institutional finance arises due to the weakness of

private finance or the inadequacy of private agencies or private money lenders to supply credit to rural farmers and rural entrepreneurs. Moreover, the private finance sector is operating their business to earn more and more profits which means profit earning is the main motive of private finance. To get relief from this situation institutional finance is very necessary. But during the study, it is found that though the financial institutions played an important role in rural credit yet they have faced many problems such as the insufficient amount of funds to fulfil the needs of rural credits, lack of awareness of rural people, illiteracy and unwillingness to repay the loan in time.

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