

## **THE STATUS OF BANKING & FINANCIAL FACILITIES IN THE STATE OF RAJASTHAN**

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### **ABSTRACT**

Financial institutions are playing an important role in economic development of the state by mobilization of deposits and credit disbursement to various sectors. These institutions boost the agriculture, industries and service sectors. Banks lending and investment activities lead to change in the quantity of money in circulation which in turn influence the nature and quality of production. Therefore banks have been rightly crowned as 'the nerve centre of all economic activities'. In fact, the economic development of a country is not possible without a sound system of banking.

**Keywords:** Mobilization, Deposits, Credit Disbursement, Economic Activities.

### **Introduction**

The government has increasingly begun to tap institutional finance from banks and other term lending institutions for financing various developmental programmes in the state in a view of need to supplement plan financing. Banks/Financial institutions have an important role in this regard. However, credit should be utilized in optimum manner to maximize returns and spread the benefit over a wider section of the population.

### **Objectives of the paper**

The paper seeks to provide more information about:

1. Status of banking facilities in Rajasthan
2. Deposit and credit mobilization in Rajasthan
3. District wise variations in banking facilities in Rajasthan
4. District wise variations in bank offices (area and population based) in Rajasthan

### **Research Methodology**

The present paper is based on secondary data. The results have been derived from average, percentage, time series and correlation methods.

Credit through banks is an important source of investment for development in the state. Various credit-based programmes like National Rural Livelihood Mission, National Urban Livelihood Mission, Prime Minister Employment Generation Programme and schemes for development of SC/ST and other poverty alleviation programmes are being implemented for the development of the weaker sections of the society with the active involvement of the banks. The banks including the Regional Rural Banks have helped in execution of various rural development schemes by providing

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credit support and thus they are fulfilling the national objective of upliftment of the weaker sections living below the poverty line.

The comparative data of bank offices, their deposits and credits in Rajasthan vis-à-vis at national level as on September 2014 and 2015 is presented in the table 1.

**Table 1: Comparative data of bank offices, deposits and credits**

| Item                                  | Rajasthan<br>(Sept 2014) | Rajasthan<br>(Sept 2015) | All India<br>(Sept 2014) | All India<br>(Sept 2015) |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Regional Rural Banks</b>           |                          |                          |                          |                          |
| (a) No. of offices                    | 1262                     | 1327                     | 18684                    | 19936                    |
| (b) Deposits(in crores)               | 14189                    | 16029                    | 234746                   | 273556                   |
| (c) Credit(in crores)                 | 10616                    | 12064                    | 161874                   | 185748                   |
| <b>SBI &amp; its Associates</b>       |                          |                          |                          |                          |
| (a) No. of offices                    | 1375                     | 1513                     | 22613                    | 23680                    |
| (b) Deposits(in crores)               | 75727                    | 85705                    | 1798919                  | 2014899                  |
| (c) Credit(in crores)                 | 46165                    | 52707                    | 1349170                  | 1440930                  |
| <b>Nationalized Banks</b>             |                          |                          |                          |                          |
| (a) No. of offices                    | 2487                     | 2689                     | 60390                    | 64420                    |
| (b) Deposits(in crores)               | 86132                    | 101553                   | 4200006                  | 4439468                  |
| (c) Credit(in crores)                 | 95799                    | 106211                   | 3067647                  | 3208733                  |
| <b>Foreign Banks</b>                  |                          |                          |                          |                          |
| (a) No. of offices                    | 7                        | 7                        | 302                      | 322                      |
| (b) Deposits(in crores)               | 692                      | 698                      | 362359                   | 418397                   |
| (c) Credit(in crores)                 | 875                      | 770                      | 314495                   | 348974                   |
| <b>Private Sector Banks</b>           |                          |                          |                          |                          |
| (a) No. of offices                    | 784                      | 872                      | 18355                    | 20793                    |
| (b) Deposits(in crores)               | 30944                    | 36707                    | 1518266                  | 1793930                  |
| (c) Credit (in crores)                | 24892                    | 32150                    | 1264380                  | 1521592                  |
| <b>All Scheduled Commercial Banks</b> |                          |                          |                          |                          |
| (a) No. of offices                    | 5915                     | 6408                     | 120344                   | 129151                   |
| (b) Deposits(in crores)               | 207684                   | 240691                   | 8114296                  | 8940250                  |
| (c) Credit(in crores)                 | 178347                   | 203902                   | 6157566                  | 6705977                  |

**Source:** Economic Review 2015-16, Directorate of Economics & Statistics, Rajasthan, Jaipur

It is observed from the table that both the total deposits and credits have increased during the year 2015 (upto September) over the corresponding period in the previous year, i.e., upto September 2014. The deposits increased by 15.89% in Rajasthan in September 2015 over September 2014 while it was 10.18% at all India level during the same period. The credit deposit ratio for all scheduled commercial banks was 84.72% in Rajasthan and 75% at all India level as on September 2015, whereas it was 85.87% in Rajasthan and 75.90% at all India level in September 2014. Total credit percentage in Rajasthan upto September 2015, over corresponding period of 2014 has increased by 14.33% while the increase was 8.91% at all India level.

One bank branch is catering to the needs of 11424 persons on an average (as per estimated population of 732.04 lakh as on 1<sup>st</sup> October 2015) and covers an average area of 53 sq.km. of the state.

Business Correspondent Agents (BCA) in a Service Area Approach (SSA) who can also cater to the needs of the nearby village by fixing certain days in a week/fortnight to visit all other villages in the SSA.

#### **Number of bank branches, Aggregate Deposits and Gross Bank Credit of all scheduled commercial banks in Rajasthan**

The detail of district wise bank offices, deposits and credit of State Bank of India and its associates, Nationalized banks, Foreign banks, Regional Rural banks and other Scheduled Commercial Banks may be seen through the following table 2.

**Table 2**

#### **District wise Number of bank branches, Aggregate Deposits and Gross Bank Credit of all scheduled commercial banks in Rajasthan (amount in Crore rupees)**

| Districts   | SBI & Its Associates |       |        | Nationalised Banks |          |        | Foreign Banks |      |        |
|-------------|----------------------|-------|--------|--------------------|----------|--------|---------------|------|--------|
|             | Offices              | Dept. | Credit | Offices            | Deposits | Credit | Offices       | Dep. | Credit |
| Ajmer       | 46                   | 2391  | 1138   | 113                | 4337     | 1962   | 0             | 0    | 0      |
| Alwar       | 51                   | 1629  | 1024   | 103                | 2622     | 1946   | 0             | 0    | 0      |
| Banswara    | 18                   | 685   | 306    | 44                 | 653      | 737    | 0             | 0    | 0      |
| Baran       | 20                   | 422   | 507    | 18                 | 235      | 206    | 0             | 0    | 0      |
| Barmer      | 37                   | 1428  | 1022   | 18                 | 731      | 373    | 0             | 0    | 0      |
| Bharatpur   | 27                   | 618   | 503    | 63                 | 1416     | 945    | 0             | 0    | 0      |
| Bhilwara    | 38                   | 1099  | 2015   | 55                 | 1244     | 2035   | 0             | 0    | 0      |
| Bikaner     | 73                   | 2105  | 1229   | 54                 | 1679     | 842    | 0             | 0    | 0      |
| Bundi       | 11                   | 369   | 283    | 28                 | 371      | 414    | 0             | 0    | 0      |
| Chittorgarh | 22                   | 1079  | 444    | 43                 | 788      | 452    | 0             | 0    | 0      |
| Churu       | 25                   | 848   | 462    | 43                 | 946      | 766    | 0             | 0    | 0      |
| Dausa       | 19                   | 556   | 300    | 40                 | 515      | 346    | 0             | 0    | 0      |
| Dholpur     | 9                    | 259   | 171    | 17                 | 369      | 207    | 0             | 0    | 0      |
| Dungarpur   | 11                   | 497   | 135    | 33                 | 653      | 253    | 0             | 0    | 0      |

|             |     |       |      |     |       |       |   |     |     |
|-------------|-----|-------|------|-----|-------|-------|---|-----|-----|
| Ganganagar  | 53  | 1461  | 1276 | 80  | 1534  | 1292  | 0 | 0   | 0   |
| Hanumangarh | 45  | 710   | 929  | 48  | 694   | 710   | 0 | 0   | 0   |
| Jaipur      | 155 | 13157 | 8070 | 292 | 15798 | 43594 | 3 | 388 | 612 |
| Jaisalmer   | 17  | 428   | 265  | 9   | 155   | 83    | 0 | 0   | 0   |
| Jalore      | 24  | 722   | 466  | 12  | 148   | 89    | 0 | 0   | 0   |
| Jhalawar    | 14  | 381   | 275  | 30  | 294   | 272   | 0 | 0   | 0   |
| Jhunjhunu   | 24  | 1073  | 353  | 40  | 1097  | 384   | 0 | 0   | 0   |
| Jodhpur     | 63  | 3440  | 1894 | 109 | 3872  | 2604  | 2 | 39  | 29  |
| Karauli     | 12  | 447   | 194  | 27  | 398   | 239   | 0 | 0   | 0   |
| Kota        | 37  | 1870  | 1378 | 70  | 2657  | 1811  | 0 | 0   | 0   |
| Nagaur      | 36  | 1087  | 663  | 42  | 747   | 291   | 0 | 0   | 0   |
| Pali        | 35  | 1257  | 715  | 22  | 316   | 253   | 0 | 0   | 0   |
| Pratapgarh  | 10  | 288   | 137  | 13  | 184   | 166   | 0 | 0   | 0   |
| Rajsamand   | 24  | 844   | 326  | 15  | 373   | 188   | 0 | 0   | 0   |
| S.Madhopur  | 15  | 490   | 302  | 46  | 550   | 387   | 0 | 0   | 0   |
| Sikar       | 25  | 939   | 440  | 58  | 1413  | 794   | 0 | 0   | 0   |
| Sirohi      | 23  | 983   | 243  | 14  | 307   | 77    | 0 | 0   | 0   |
| Tonk        | 15  | 479   | 275  | 37  | 528   | 355   | 0 | 0   | 0   |
| Udaipur     | 59  | 3144  | 1851 | 70  | 4968  | 1549  | 1 | 11  | 11  |

Table 2 (Contd.)

| Districts   | Regional Rural Banks |       |        | Other Scheduled I Commercial Banks |          |        | All Scheduled Commercial Banks |      |        |
|-------------|----------------------|-------|--------|------------------------------------|----------|--------|--------------------------------|------|--------|
|             | Offices              | Dept. | Credit | Offices                            | Deposits | Credit | Offices                        | Dep. | Credit |
| Ajmer       | 22                   | 194   | 135    | 32                                 | 941      | 330    | 213                            | 7863 | 3565   |
| Alwar       | 48                   | 612   | 500    | 30                                 | 714      | 180    | 232                            | 5577 | 3650   |
| Banswara    | 18                   | 116   | 114    | 19                                 | 181      | 16     | 99                             | 1635 | 1173   |
| Baran       | 25                   | 198   | 141    | 4                                  | 63       | 8      | 67                             | 918  | 862    |
| Barmer      | 28                   | 231   | 98     | 9                                  | 180      | 75     | 92                             | 2570 | 1568   |
| Bharatpur   | 26                   | 363   | 244    | 11                                 | 150      | 28     | 127                            | 2547 | 1720   |
| Bhilwara    | 34                   | 299   | 230    | 27                                 | 609      | 460    | 154                            | 3251 | 4740   |
| Bikaner     | 26                   | 173   | 187    | 18                                 | 400      | 247    | 171                            | 4357 | 2505   |
| Bundi       | 29                   | 255   | 229    | 8                                  | 140      | 33     | 76                             | 1135 | 959    |
| Chittorgarh | 25                   | 183   | 134    | 15                                 | 280      | 21     | 105                            | 2330 | 1051   |
| Churu       | 56                   | 430   | 411    | 5                                  | 42       | 5      | 129                            | 2266 | 1644   |
| Dausa       | 16                   | 146   | 90     | 10                                 | 114      | 19     | 85                             | 1331 | 755    |
| Dholpur     | 13                   | 138   | 80     | 1                                  | 13       | 0      | 40                             | 779  | 458    |

|             |    |     |     |     |      |      |     |       |       |
|-------------|----|-----|-----|-----|------|------|-----|-------|-------|
| Dungarpur   | 20 | 153 | 86  | 9   | 97   | 7    | 73  | 1400  | 481   |
| Ganganagar  | 25 | 178 | 258 | 14  | 298  | 179  | 172 | 3471  | 3005  |
| Hanumangarh | 23 | 141 | 259 | 17  | 224  | 66   | 133 | 1769  | 1964  |
| Jaipur      | 76 | 883 | 392 | 112 | 7949 | 7734 | 638 | 38175 | 60402 |
| Jaisalmer   | 13 | 78  | 49  | 3   | 97   | 14   | 42  | 758   | 411   |
| Jalore      | 37 | 371 | 415 | 4   | 42   | 2    | 77  | 1283  | 972   |
| Jhalawar    | 25 | 275 | 164 | 7   | 139  | 22   | 76  | 1089  | 733   |
| Jhunjhunu   | 54 | 542 | 423 | 13  | 181  | 125  | 131 | 2893  | 1285  |
| Jodhpur     | 25 | 146 | 116 | 37  | 1255 | 1336 | 236 | 8752  | 5979  |
| Karauli     | 13 | 123 | 38  | 2   | 57   | 7    | 54  | 1025  | 478   |
| Kota        | 34 | 363 | 225 | 26  | 1149 | 533  | 167 | 6039  | 3947  |
| Nagaur      | 57 | 372 | 256 | 15  | 187  | 86   | 150 | 2393  | 1296  |
| Pali        | 77 | 880 | 362 | 14  | 209  | 133  | 148 | 2662  | 1463  |
| Pratapgarh  | 12 | 72  | 63  | 4   | 89   | 7    | 39  | 633   | 373   |
| Rajsamand   | 20 | 116 | 38  | 17  | 250  | 12   | 76  | 1583  | 564   |
| S.Madhapur  | 17 | 129 | 71  | 9   | 119  | 8    | 87  | 1288  | 768   |
| Sikar       | 59 | 546 | 636 | 12  | 134  | 15   | 154 | 3032  | 1885  |
| Sirohi      | 29 | 270 | 142 | 6   | 82   | 4    | 72  | 1642  | 466   |
| Tonk        | 30 | 227 | 135 | 5   | 78   | 19   | 87  | 1312  | 784   |
| Udaipur     | 36 | 348 | 124 | 46  | 1903 | 865  | 212 | 10374 | 4400  |

**Source:** Statistical Abstract 2015, Pg. 334-335, Directorate of Economics & Statistics, Rajasthan, Jaipur

As we can see from the above table, the highest credit deployment by all scheduled commercial banks comes from Jaipur and is followed by Jodhpur and Bhilwara. The highest deposit mobilization in these banks also comes from Jaipur and is followed by Udaipur and Jodhpur. In terms of total number of bank offices, the leader is again Jaipur and is followed by Jodhpur and Alwar.

If we compare the number of offices of SBI and its associates, the highest number occurs in Jaipur and is followed by Bikaner and Jodhpur. The comparison for offices of nationalized banks also shows that Jaipur is the leader and is followed by Ajmer and Jodhpur. Jaipur again leads the chart in terms of number of foreign banks and is followed by Jodhpur and Udaipur. Pali has the highest number of branches of Regional Rural Banks and is followed by Jaipur and Sikar.

Highest number of deposit mobilization in SBI & its associate banks comes from Jaipur and is followed by Jodhpur and Udaipur. Jaipur again leads the chart in context of deposit mobilization of Nationalized banks and is followed by Udaipur and Ajmer. When it comes to deposit mobilization of foreign banks, Jaipur is the leader and is followed by Jodhpur and Udaipur. In terms of deposit mobilization in Regional Rural Banks, Jaipur leads the chart and is followed by Pali and Sikar.

The highest credit deployment in SBI & its associates occurs from Jaipur and is followed by Bhilwara and Jodhpur. In terms of credit deployment in Nationalized banks, Jaipur again is the

leader and is followed by Jodhpur and Bhilwara. If we talk about credit deployment by RRBs, the leader is Sikar and is followed by Jhunjhunu and Jalore. The comparison of credit deployment in other scheduled commercial banks shows that Jaipur is the leader and is followed by Jodhpur and Udaipur.

If we compare the no. of banking offices per lakh of population, Rajasthan has 8.3 as compared to the national average of 9.7 which shows our deficiency in the presence of banking offices. At the same time, the per capita deposit of Rs. 29122 which is far less than the national average of Rs. 65226 and hence again points to this deficiency in terms of per capita bank deposit. Now if we look at the per capita bank credit, Rajasthan stands at a figure of Rs. 25008 which is not even half of the national average, which is Rs. 49497 and hence this shows a deficit in our lending capacities and needs to be addressed urgently. (All these data pertain to June 2014).

**Table 3: District wise Bank Offices per 100 sq km and per 10000 population**

| Districts          | Bank Offices | Bank Offices/<br>100 sq km | Bank Offices/<br>10k population | Credit<br>Deposit Ratio |
|--------------------|--------------|----------------------------|---------------------------------|-------------------------|
| <b>Ajmer</b>       | <b>213</b>   | 2.511496                   | 0.823441405                     | 0.453389                |
| <b>Alwar</b>       | <b>232</b>   | 2.768496                   | 0.632076808                     | 0.654474                |
| <b>Banswara</b>    | <b>99</b>    | 2.189297                   | 0.551460144                     | 0.717431                |
| <b>Baran</b>       | <b>67</b>    | 0.958238                   | 0.547564564                     | 0.938998                |
| <b>Barmer</b>      | <b>92</b>    | 0.324092                   | 0.352273928                     | 0.610117                |
| <b>Bharatpur</b>   | <b>127</b>   | 2.506909                   | 0.498391412                     | 0.675304                |
| <b>Bhilwara</b>    | <b>154</b>   | 1.472979                   | 0.640425842                     | 1.458013                |
| <b>Bikaner</b>     | <b>171</b>   | 0.565495                   | 0.72499345                      | 0.574937                |
| <b>Bundi</b>       | <b>76</b>    | 1.315789                   | 0.685307018                     | 0.844934                |
| <b>Chittorgarh</b> | <b>105</b>   | 1.342368                   | 0.681404914                     | 0.451073                |
| <b>Churu</b>       | <b>129</b>   | 0.932418                   | 0.63429781                      | 0.725508                |
| <b>Dausa</b>       | <b>85</b>    | 2.47669                    | 0.52031302                      | 0.567243                |
| <b>Dholpur</b>     | <b>40</b>    | 1.318826                   | 0.331363378                     | 0.587933                |
| <b>Dungarpur</b>   | <b>73</b>    | 1.93634                    | 0.526179218                     | 0.343571                |
| <b>Ganganagar</b>  | <b>172</b>   | 1.56677                    | 0.875290449                     | 0.865745                |
| <b>Hanumangarh</b> | <b>133</b>   | 1.377382                   | 0.748577141                     | 1.110232                |
| <b>Jaipur</b>      | <b>638</b>   | 5.725568                   | 0.962280272                     | 1.58224                 |
| <b>Jaisalmer</b>   | <b>42</b>    | 0.109372                   | 0.643365599                     | 0.542216                |
| <b>Jalore</b>      | <b>77</b>    | 0.723684                   | 0.420746634                     | 0.757599                |
| <b>Jhalawar</b>    | <b>76</b>    | 1.222061                   | 0.538353051                     | 0.673095                |
| <b>Jhunjhunu</b>   | <b>131</b>   | 2.209852                   | 0.612147244                     | 0.444176                |

|                   |             |          |             |          |
|-------------------|-------------|----------|-------------|----------|
| <b>Jodhpur</b>    | <b>236</b>  | 1.032823 | 0.641504818 | 0.683158 |
| <b>Karauli</b>    | <b>54</b>   | 0.977552 | 0.370285037 | 0.466341 |
| <b>Kota</b>       | <b>167</b>  | 3.201073 | 0.855901982 | 0.653585 |
| <b>Nagaur</b>     | <b>150</b>  | 0.846597 | 0.452725498 | 0.54158  |
| <b>Pali</b>       | <b>148</b>  | 1.194801 | 0.728537196 | 0.549587 |
| <b>Pratapgarh</b> | <b>39</b>   | 0.876601 | 0.449539222 | 0.589258 |
| <b>Rajsamand</b>  | <b>76</b>   | 1.632653 | 0.658327847 | 0.356286 |
| <b>S.Madhopur</b> | <b>87</b>   | 1.934193 | 0.651243426 | 0.596273 |
| <b>Sikar</b>      | <b>154</b>  | 1.991723 | 0.575642402 | 0.621702 |
| <b>Sirohi</b>     | <b>72</b>   | 1.401869 | 0.693994633 | 0.2838   |
| <b>Tonk</b>       | <b>87</b>   | 1.209341 | 0.610778342 | 0.597561 |
| <b>Udaipur</b>    | <b>212</b>  | 1.808257 | 0.690174262 | 0.424137 |
| <b>Rajasthan</b>  | <b>4414</b> | 1.289742 | 0.644870982 | 0.907705 |

**Source:** Some Facts About Rajasthan 2015 and Statistical Abstract, Directorate of Economics & Statistics, Rajasthan, Jaipur

(Here, the Green coloured cells indicate values above State Average and Red cells indicate values below it)

The presence of a strong banking system enables the flow of funds throughout the district as people get avenues for savings as well as access to credit to meet their investment and other needs. The number of bank branches, adjusted for both rural area and population, reflects on the penetration in the district of the banking system, which is a sign of rural development. Economically developed districts have a better banking coverage, though there can still be heterogeneity at the block level with pockets of backwardness due to the geography or other regions of low development. It is observed that in the matter of density of banks relative to rural areas, districts like Baran, Barmer, Bikaner, Churu, Jaisalmer, Jalore, Jodhpur, Karauli, Nagaur and Pratapgarh are in low developed categories.

In terms of 'No. of banks per 10000 population', districts namely Banswara, Baran, Barmer, Bharatpur, Dausa, Dholpur, Dungarpur, Jalore, Jhalawar, Karauli, Nagaur, Pratapgarh, Sikar lie in the low developed category and hence need urgent and significant improvements.

Credit – Deposit Ratio is directly linked with the process of industrialization and obviously to economic development of a district. Few districts were moderate developed and few districts, like Bhilwara, Hanumangarh and Jaipur were very highly developed.

Support for economic development to promote agriculture, industry and other economic activities providing credit facility to the needy person in urban and rural areas, more banking facilities are needed.

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