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Role of Rural Infrastructure  
Development fund**

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**Ensuring Rural Infrastructure in India:  
Role of Rural Infrastructure Development fund  
By**

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*Abstract*

*Inclusive economic growth is the most talked about issue in India. This is due to the fact that the impacts of the recent spectacular growth have not been able to percolate down to various segments of population, most importantly to the rural population. Rural infrastructure in India have still remained far from satisfactory and amongst others, lack of funds is one critical reason for this. In order to ensure smooth flow of funds for the development of infrastructure in rural India, rural infrastructure development fund (RIDF) was introduced in the budget of 1995-'96. The Reserve Bank of India (RBI) governs this fund through NABARD with corpus from the commercial banks. This paper is an attempt to critically examine some of the issues that arise in the context of utilization of the fund by different states of India. The study finds that many projects remain incomplete even after receiving funds under RIDF and certain measures are necessary to ensure proper utilization of funds as well as to reduce intra rural disparity in India.*

*JEL Classification: O22, G 18, H 53, H 54.*

## **1. Introduction**

For a balanced growth of any economy rural sector needs equal attention if not more than that of the urban counterpart. Needless to say, physical infrastructure plays critical role in growth and development. Good infrastructure is necessary not only for economic development of rural areas but also for overall human development and decent standard of living.

In India, while the importance of rural infrastructure has been well recognized, adequate measures to improve the same are not forthcoming. Amongst many other constraints, the

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poor financial health of the states is the major cause for the state of affairs we observe today. Not only are rural infrastructure development projects inadequate in number, many projects sanctioned and already started also remaining incomplete due to various reasons. Noting these problems, in the Union Budget Speech of 1995-96, the Hon'ble Finance Minister announced that- "Inadequacy of public investment in agriculture is today a matter of general concern. This is an area, which is the responsibility of States. But many States have neglected investment in infrastructure for agriculture. There are many rural infrastructure projects, which have been started but are lying incomplete for want of resources. They represent a major loss of potential income and employment to rural population."

In an attempt to provide the necessary resources for rural infrastructure development, the possibility of creating a fund for this purpose was conceived at that time. With this in mind, during that period a corpus was created by the Reserve Bank of India in NABARD with contributions from commercial banks. This fund, known as the rural infrastructure development fund (RIDF), was initially developed to provide resources for projects that remained unfinished due to want of resources, but later extended to new projects as well. RIDF-I was launched in 1995-96 with an initial corpus of Rs.2000 crores through contributions both from public and private sector banks. The provision of this fund has indeed helped many states to develop rural infrastructure (Government of Andhra Pradesh, 2000, CII, 2005). Except for a brief period of break, this funding provision has been continuing till today. After more than 10 years of its inception, it is useful to scrutinize the status of RIDF, its coverage and the extent to which it has helped the states in rural infrastructure development.

In this background the present paper looks at the various aspects of RIDF and present a critical analysis of the utilization of funds.

## **2. Salient Features of RIDF**

RIDF-I was launched in 1995-96 with an initial corpus of Rs.2000 crore through contributions both from public and private sector banks. It is noteworthy in this context

that previously both public and private banks often failed to meet priority sector norms for lending (see RBI reports). After enlargement of the scope of the priority sector to a great extent, though banks have currently been meeting the overall norms of priority sector lending, they still fail to meet the target for agricultural lending. Given this background, contributions to NABARD by the banks under the provision of RIDF is considered agricultural lending by the banks. Later, since 1996-97 i.e., from the start of RIDF-II, deposits from commercial banks in the RIDF have been made broad-based by including shortfalls either in direct finance to agriculture and/or shortfall in priority sector lending. The scheme has been continued thereafter and currently RIDF-XI is in operation. The tranche-wise<sup>2</sup> size of the corpus shows positive growth all through, depicting steady growth of funds under RIDF; though as expected, in real terms, growth rates are not as striking as that of their nominal counterparts (Table 1).

Table 1 Tranche-wise size of corpus, RIDF (in Rs. Crore)

RIDF tranche/ year	Corpus in nominal terms	Percentage increment of the nominal corpus	Corpus in real terms*	Percent increment in real corpus
RIDF I	2000			
1995-96			1676.446	
RIDF II	2500			16
1996-97		25	1950.078	
RIDF III	2500			-6
1997-98		00	1828.822	
RIDF IV	3000			11
1998-99		20	2032.52	
RIDF V	3500			12
1999- 2000		17	2281.617	
RIDF VI	4500			23
2000-01		29	2812.5	
RIDF VII	5000			7
		11	3021.148	

<sup>2</sup> A terminology used by NABARD. Here it essentially means year-wise.

2001-02				
RIDF VIII	5500			7
2002-03		10	3248.671	
RIDF IX	5500			-4
2003-04		00	3107.345	
RIDF X	8000			43
2004-05		45	4444.444	
RIDF XI	8000			43
2005-06		0		
RIDF XII	10000			
2006-07				

\* Deflated using GDP deflator

Source: Compiled using NABARD data

In fact in two of the tranches viz., III and IX , growth rates are indeed found to be negative.

Once the total RIDF fund for a year is decided by the Central Government, states are requested to submit project proposals. State governments in turn request the relevant departments to come up with proposals. The cabinet sub-committees of the respective states later scrutinize these proposals and, considering among other things the financial strength of the government, fix project limits for each department. The departments in turn revise their proposals, which are then sent to the regional offices (RO) of NABARD. RBI Deputy Governor and a nominee from RBI are members amongst others in the project sanction committee, which meet about 7 to 8 times in a year (NABARD Annual Report).

Though to begin with only state governments could borrow under this fund, since 1999, the set of borrowing institutions has been enlarged. In particular, it has been decided to extend loans to Panchayat Raj institutions (PRIs), Non-Governmental organisations, Self-Help groups etc. w.e.f. 1 April 1999. This is done possibly under the assumption that

local governments would know the local needs better and, being stake holders, would implement the projects more efficiently. The respective state governments, however, remain the guarantors of such loans. The repayment period for the loans under RIDF was of 5 years that included a 2-year grace period; this was provided under RIDF-I to RIDF-V. The repayment period has, however, been extended later to 7 years, including a grace period of 2 years, from RIDF-VI onwards.

Once a particular project is cleared , loans are released on installments usually on a reimbursement basis by the Regional Offices of NABARD. However, in order to facilitate the states to carry out the projects smoothly , the provision of releasing advance was introduced from RIDF X onwards. The Finance Department of each state is nominated by state governments to act as the nodal department to operationalise RIDF. All project proposals are therefore routed only through the Finance Department.

As far as lending institutions are concerned, all scheduled commercial banks and regional rural banks are the main lenders. These banks keep their shortfalls in priority sector lending with NABARD for this purpose, from which NABARD in turn refinances these projects.

The funds thus supplied by the banks and demanded by the state governments can be used for designated purposes only. In the beginning, only ongoing irrigation, flood protection, and watershed management projects were financed under RIDF-I as a 'last mile approach' to facilitate completion of projects delayed on account of financial constraints. The financing of rural road & bridge projects was started during RIDF-II. Subsequently, coverage of RIDF was enhanced in each tranche and at present, a wide range of activities such as primary schools, primary health centres, village haats, joint forest management, terminal and rural markets, rain water harvesting, fish jetties, mini hydel and system improvement projects in the power sector, rural drinking water supply schemes, citizen information centres, anganwadi centres and shishu shiksha kendras are also being brought under RIDF. Though over time a large number of areas have been incorporated under RIDF, roads and bridges remained the major infrastructures funded under RIDF.

While allocating funds to the states even for the designated purposes certain norms are usually followed. Currently, the allocation norms provide weightage to rural population and no proposal is accepted directly from any other department of a state government. Documentation and release of loans etc. are also executed only by them.

### **3. Rate of Interest on RIDF Loan**

Loans under RIDF-I were advanced to state governments at an interest rate of 13%. The rate of interest on loans under RIDF-II and III was reduced to 12%. The rate of interest under tranches IV to VII was further brought down to 7% w.e.f. 1 November 2003 and thereafter the rate of interests under RIDF VIII and IX are linked to bank rate, which at present is about 6%. To begin with the following procedure was adopted to generate funds. Banks kept their deficiency to priority sector lending with NABARD and the latter in turn channelised these resources to the state governments through RIDF. NABARD pays interest to the banks for their deposits which in turn it recovers from the state governments. However, it so happened that NABARD was unable to deploy the funds as the state governments were unable create sufficient demand for the funds available<sup>3</sup>. Since the suppliers found the loan risk free and the supply was more than the demand a disequilibrium prevailed which NABARD did not rejoice as it had to pay interests to the banks.

Under such circumstances with a view to encouraging commercial banks to enhance flow of direct credit to agriculture, it was decided by RBI to link interest on bank contribution to RIDF, from Tranche-VII, to the extent of the shortfall of their agriculture lending vis-a-vis the targets. The inversely proportional rates of interest paid to commercial banks are as in Table 2.

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<sup>3</sup> As revealed during discussions with RBI officials.

Table 2 Interest rate structure of RIDF

<b>Shortfall in lending to agriculture as percentage to net bank credit</b>	<b>Current rates (%) for RIDF VIII &amp; XI</b>
Less than 2% points	6 (prevailing Bank Rate(BR))
2 % to 4.99% points	5 (prevailing BR minus 1%)
5% to 8.99% points	4 (prevailing BR minus 2%)
Above 9% points	3 (prevailing BR minus 3%)

Source : NABARD

As per the guidelines of RBI/GOI, NABARD retains a margin of 0.5% for administering RIDF. The differential interest, however, is credited to the Watershed Development Fund maintained by NABARD.

Given these set of norms formulated by RBI, it is of interest to examine the actual utilization of the funds. Amongst other criteria, actual sanction of funds depends on the demand for loans under the RIDF scheme placed by a state. Though there has been some increment in sanction of funds after the first tranche, sanction figures remained more or less stagnant thereafter for the following three years.

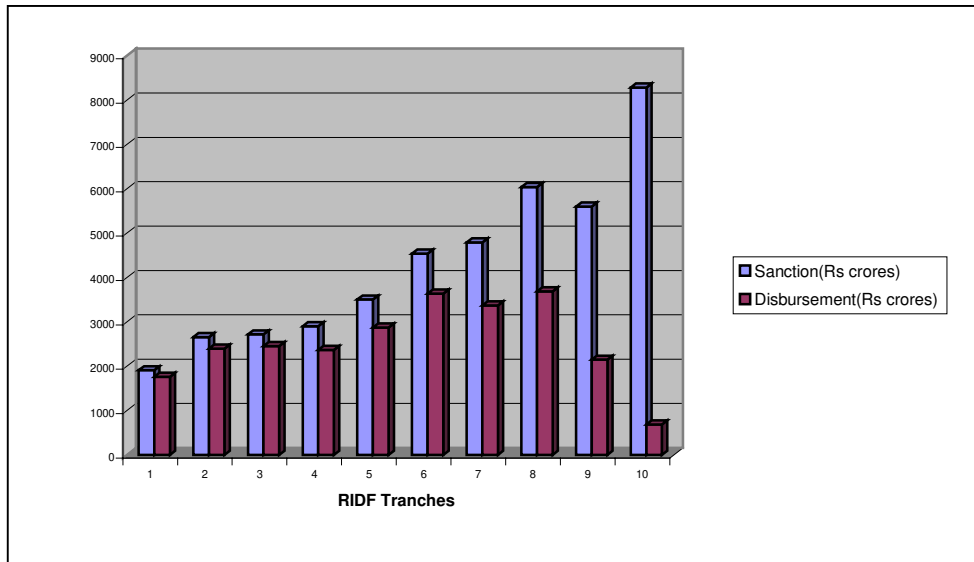
#### **4. Utilization of funds**

##### **Sanctions and Disbursements**

A closer observation of the sanction of loans reveals that from the year 1999-2000 we observe a steady increase followed by a fall in 2003-04 and a sharp increase during the year 2004-05 (Fig. 1). Since contributions to the 'fund' are considered priority sector lending for banks, which also provides them with risk-free returns, supply of funds does not appear to pose any constraint. Rather, it is possibly the demand for funds that lie on the short side of the market.



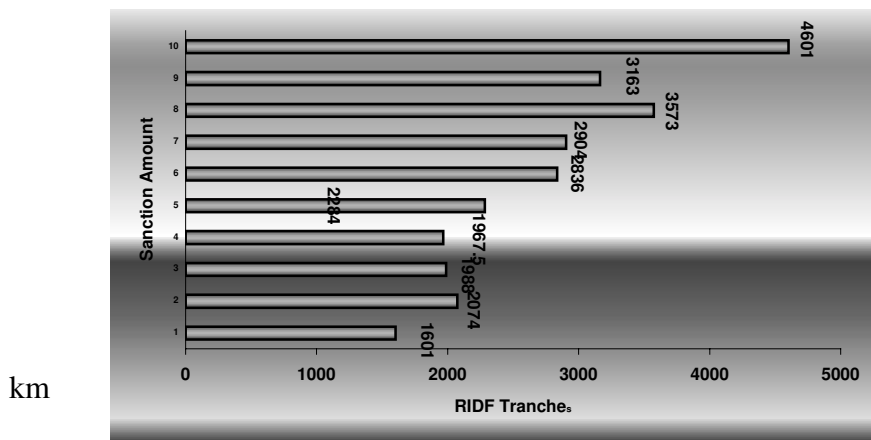
Fig 1 Sanctions and Disbursements of RIDF over the years



Source: Compiled using NABARD data

In fact, conversion of nominal sanction figures (Fig 1) to real terms<sup>4</sup> (Fig 2) clearly shows negative growth rates over a number of years.

Fig.2 Sanction of RIDF (in real terms)



Source: Compiled using NABARD data

<sup>4</sup> Deflated by GDP deflator.

Disbursement of funds sanctioned to a project under RIDF is not automatic and paid all at once. Payment by NABARD depends crucially on the progress of the project and utilization of funds. In fact, as mentioned above, states need to first incur expenditure and then get it reimbursed under RIDF. Statistics involving disbursement show that funds sanctioned even ten years earlier have not been fully disbursed yet. This further indicates that states may have problems in making funds available for rural infrastructure. This becomes even more clear when we look at the status of projects.

### **Status of RIDF Projects**

Norms of loans under RIDF as delineated above show that the normal phasing was 2 years for RIDF-I which was extended later to 3 years for subsequent tranches. However, due to operational constraints, phasing has to be normally extended for the tranche as a whole or for specific projects to enable state governments to complete the projects.

If we now examine the status of the projects (Table 3), it is observed that even after 10 years some projects have remained incomplete. About 6000 projects taken up from RIDF I to V have remained incomplete till date. One may recall in this context that the main idea behind introduction of RIDF is to enable the state governments to complete hitherto incomplete projects which remained so due to lack of funds. However, if projects taken up under RIDF itself remain incomplete, may be due to a state's inability to borrow funds under the given terms and conditions, then the whole purpose of introduction of such a scheme becomes meaningless.

Table 3 Number of incomplete projects

RIDF	I	II	III	IV	V	VI	VII	VIII	IX	X	Total
No of incomplete Projects	234	600	366	1004	3666	6261	16049	14118	19091	60015	121404

Source: NABARD

### **Purpose-wise Sanction of loans**

We may recall that RIDF I was devoted entirely to irrigation projects and thereafter roads and bridges were taken up for funding; since then across states there has been higher emphasis on the use of funds for road development rather than for irrigation. Over time it has been observed that about 37% of the funds go for road development and 34% for irrigation (Table 4). In subsequent tranches, several other infrastructure facilities have been made eligible for funding under RIDF. RIDF X further enlarged this list and introduced a whole host of services to be funded under RIDF.

Table 4 Share of different sectors in total loans under first eight tranches (till March 2003)

Sector	Amount (Rs. crore)	% of total
Roads	10898.27	37
Irrigation	10105.84	34.3
Bridges	3656.57	12.4
Watershed	508.61	1.7
Power sector	1053.34	3.6
Rural drinking water	1147.89	3.9
Others	2104.78	7.1
Total	29475.3	100

Source: Compiled using NABARD data

### **Sanction of Funds to Local Level Institutions**

It was decided in 1999 that RIDF can be given to local level institutions like the Panchayati Raj Institution (PRI) or prominent self help groups (SHG) of the locality. The respective state government remains the guarantor of the loan taken. One of the main objectives of making funds available to local level institutions is to ensure efficient

utilization of funds. Since local governments themselves are stakeholders one may expect funds to be employed according to the local needs. During the first year one observes as high as 17% of funds diverted to the local level institutions. However, over time this share shows considerable decline, even in absolute levels (Table 5). From about 500 crores in 2001-02, funds diverted to PRIs declined to about 50 crores in the next two years.

Table 5 Sanction of funds to local level institutions

Year	Sanction in Rs crores	Out of which, sanction for PRI/SHG/NGO	Percentage share of PRI/SHG/NGO
1999-00	3504.41	608.53	17
2000-01	4539.05	736.11	16
2001-02	4792.52	567.7	12
2002-03	6039.62	533.22	9
2003-04	5599	43.2	0.7
2004-05	8282.75	54.28	0.7
Total	42948.51	2543.04	6

Source: Computed using NABARD data

It has been observed by a number of authors that state level functionaries are often hesitant to hand over the financial and functional powers to local governments (Mathur, 2003). In case of RIDF also we observe a similar tendency.

## 5. Allocation of funds and availability of infrastructure

Strong positive correlation between rural poverty and deficiency of infrastructure is a well-established phenomenon. For example, a recent report from NCAER titled “India Rural Infrastructure Report” shows that with different infrastructure deficiency indices, rural poverty is

Table 6 Correlation of rural poverty with different infrastructure deficiency indices

Deprivation indices	Correlation
Roads	0.615
Telecom	0.655
Power	0.925
Overall	0.832

Source: Rural Infrastructure Report, 2006, NCAER

positively correlated (Table 6).

In other words, the higher the deficiency of infrastructure, the higher is the poverty rate and vice versa. Rajaraman (2003) in this context remarks that there are established empirical evidences on the positive growth and poverty eradication outcomes of investment in rural infrastructure, and on higher incremental returns to infrastructure provision in relatively poorly endowed regions. These findings holds good not only in case of India but also for other developing nations as well (Binswanger *et al*, 1989, Ahmed and Hossain, 1990, Fan *et al*, 2000, Fan and Hazell, 2001). Thus one can argue that poverty rate gives an indication of the extent of the need for infrastructure. Infrastructure like irrigation facilities or rural roads can reduce overall cost of irrigation and by enhancing connectivity can offer better marketing possibilities. This can check further deterioration in the economic status of the poor. If we accept this line of argument, we can then examine whether regions with higher levels of rural poverty get better allocation of funds for infrastructure development.

### **Rural Poverty**

Rural poverty rates for different states of India show considerable disparities (see Table A.1 in Appendix).

As discussed above, if we assume that poverty and lack of good infrastructure are positively related then we can consider these rates as indirect indicators of the adequacy of rural infrastructure or, conversely, improvement of infrastructure in comparatively poorer regions can help in reduction of rural poverty and income inequality across rural regions. Furthermore, at the time of inception of RIDF, the remark made by the then Finance Minister indicates that ‘to be able to increase the income of the rural poor’ was one of the prime motives for introducing RIDF. In this background, we should expect the poorer regions to receive higher allocations of funds. In this background it is essential to ask whether the states with higher poverty rates use more funds for rural development under RIDF?

### **Relation between Rural Poverty Rates and Flow of Funds**

We have considered the states in terms of RIDF loans sanctioned per hectare of rural area<sup>5</sup> and rural poverty rates. Out of a total of 28 states, the top 14 are placed in the category ‘high’ (H) and the bottom 14 are in the category ‘low’ (L). Comparison of the poverty rates and flow of funds across states reveals the following.

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<sup>5</sup> ‘Rural population’ can also be used as a normalizing factor, and has been used in this report. However, ‘rural area’ appears to be a more appropriate factor for normalization given the kind of infrastructure services involved. This has also been done in Rajaraman (2003).

Table 7 Classification of states with respect to poverty rates and total loan flow per hectare

		Rural poverty rate	
		L	H
Loan/rural area	L	J & K Rajasthan	MP Manipur Meghalaya Mizoram Nagaland Sikkim Tripura Arunachal Pradesh Assam Bihar Jharkhand
	H	Goa, Punjab Himachal Haryana Pradesh Kerala AP Gujarat Karnataka Maharastra TN UP WB	Orissa Tripura

Source : Compiled using NABARD data and Jha ( 2002)

Concentration of states around the off-diagonal in Table 7 clearly reveals that the states with lower poverty rates are also those which made higher demands for resources under RIDF. On the contrary, states with higher rural poverty rates are minimal users of RIDF for rural infrastructure developments.

In fact, if we look at the correlation between the total flow of RIDF funds (per rural area) and rural poverty rates, we observe a significant negative correlation (-0.365, significant at 6% level). In other words, the higher the rates of rural poverty (indicating greater need

for infrastructure) the lower are the flow of funds. Since RIDF is a demand driven scheme, this may be due to the fact that the poorer states have lesser ability to borrow and thus though there is need, this desire is not backed by adequate purchasing power and, hence, requirements have not transformed into demand<sup>6</sup>.

After looking at this general indicator and its relation with the total flow of funds we next move on to the sector specific allocations.

### **5.1 Funding for Rural Roads**

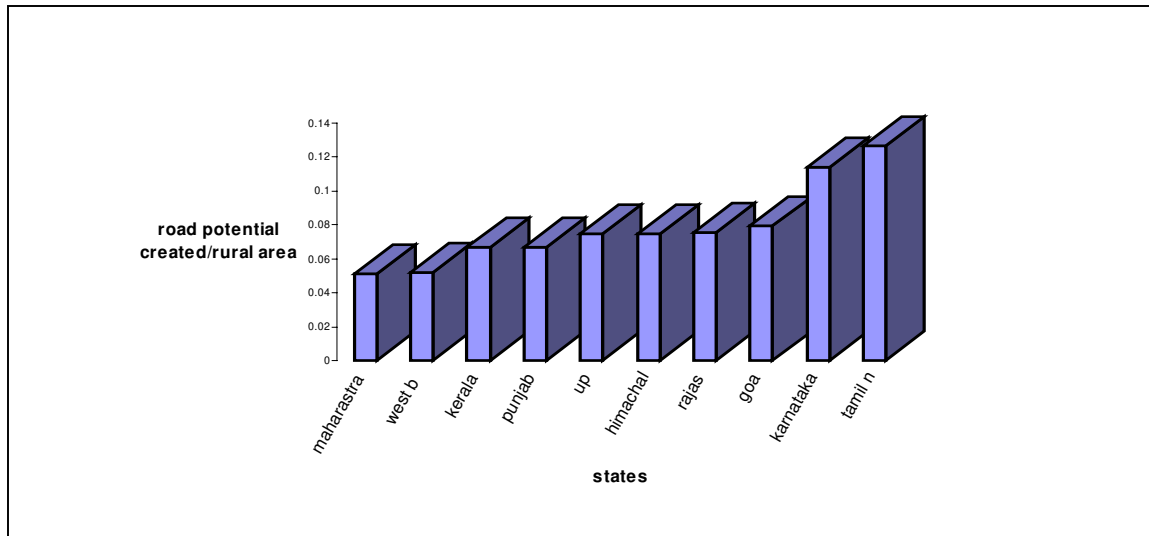
Creation of irrigation facilities and construction rural roads for better connectivity are two major activities taken up through RIDF. The first RIDF concentrated mainly on providing minor irrigation facilities. Thereafter rural roads and bridges are incorporated under the purview of RIDF which now constitutes the highest share in flow of funds across sectors. However, as expected, flow of funds and hence creation of road potential through RIDF is not uniform across regions. Comparatively Tamilnadu and Karnataka have created maximum road facilities through RIDF and some of the other similarly placed states are Maharastra, Kerala, Goa and Punjab.

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<sup>6</sup> Even if we normalized the loan figures by rural area or rural population, negative relation prevails even though level of significance declines.



Fig.3 Top 10 states in terms of road potential created under RIDF I to X per hectare of rural area



Source: Compiled using NABARD data

If we look at the percentage of villages connected by roads (see Table A.2, in the Appendix) as of 1996-97 (beginning of RIDF) we observe that Goa, Karnataka, Tamilnadu, Punjab, Haryana, Gujrat and Andhra Pradesh were some of the well-connected states. On the other hand, Madhya Pradesh, Bihar and even West Bengal had less than 50% villages connected. As argued above, while demand for rural roads is difficult to estimate, adequacy of the same may be proxied by the percentages villages yet to be connected by roads. Comparatively speaking one would expect more funds to flow to the states where even 50 % of the villages are not connected by roads. Though the quality/ conditions of the roads may not be satisfactory even in the highly connected states, the situation is expected to be even worse for the poorly connected ones.

After examining these numbers the next question that arises is, “Is the in flow of funds greater towards states with relatively inadequate connectivity?” We classify below the states according on the basis of percentage of villages yet to be connected by roads. The top 50% of the states are considered to be well connected in relative terms. Similarly road potential created through RIDF loans from I to IX are considered per hectare of rural area for cross tabulation purposes (Table 8).

Table 8 Classification of states with respect to road potential created per hectare of rural area and rural connectivity (percentage of villages connected by roads, 1996-97)

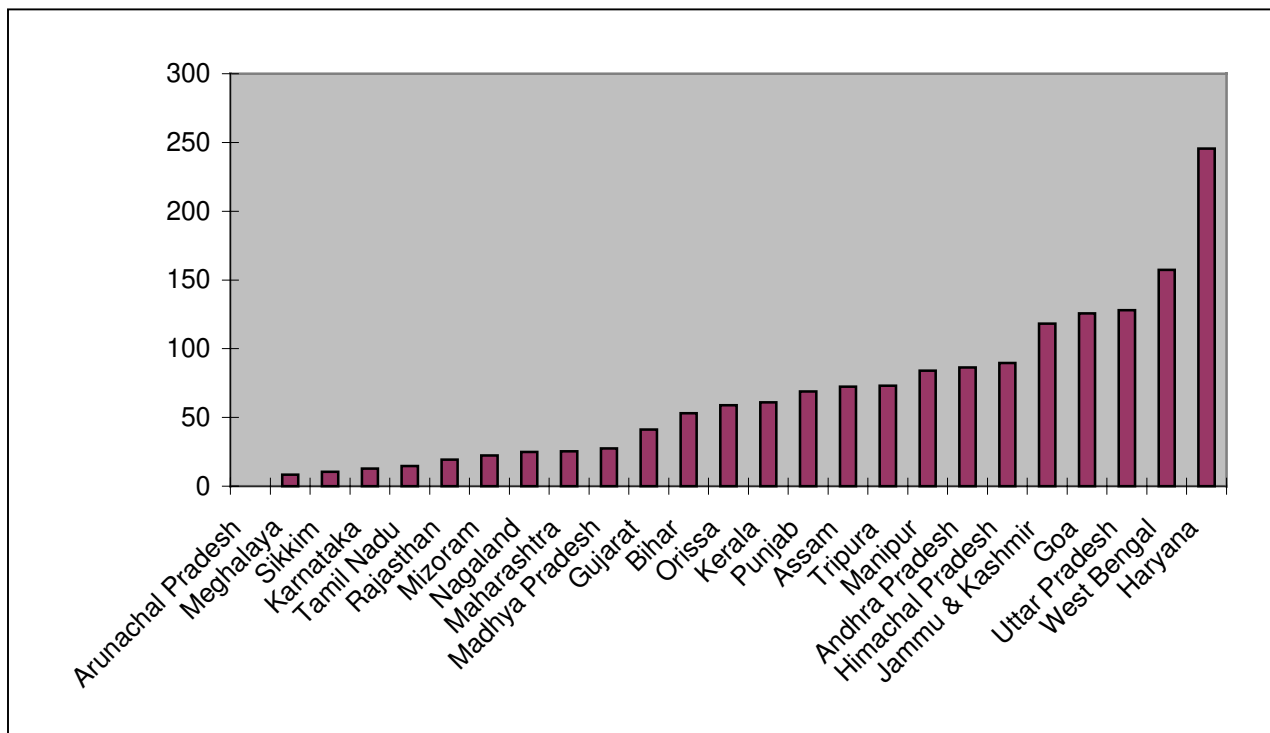
		Rural connectivity	
		L	H
Road potential created/rural area	L	MP Arunachal P Meghalaya Manipur Bihar Orissa Tripura	J & K Mizoram Haryana
	H	HP Assam WB UP Tamilnadu Rajasthan	Maharastra AP Nagaland Gujarat Punjab Kerala Karnataka Goa

Calculation of correlation between the inadequacy indices and potential of roads created through RIDF funds show that correlation has negative sign (-0.234, however the coefficient is insignificant) .

## 5.2 Irrigation Facilities

Next to roads and bridges, another major sector funded by RIDF is minor irrigation. If we look at the state-wise irrigation potential created through RIDF projects per hectare of net sown area we observe Haryana is the major benefactor, followed by West Bengal and UP (Fig. 4).

Fig 4 Irrigation potential created/ NSA through RIDF I to IX



Source: Compiled using NABARD data

Percentage of net irrigated area to NSA provides indicator of adequacy of irrigation facilities in a state<sup>7</sup>. The lower the percentage of irrigated area, the more inadequate is the region in terms of this infrastructure. Taking this indicator into consideration, we have classified the top 50% of the states as those with the high adequacy and the bottom 50% as those with low adequacy.

Table 9 Classification of states with respect to irrigation potential created per hectare of net sown area and percentage of gross area irrigated<sup>8</sup> (average of percentages taken over the period of RIDF)

Gross area irrigated/GSA

	L	H
L	Arunachal	Tamil nadu

Irrigation potential created /GSA ave also been done using gross cropped area and we arrive at qualitatively similar results. gated figures are average over the period of RIDF and are taken from www.indiastat.com

	Meghalaya Sikkim Karnataka Mizoram Maharastra MP	Rajasthan Gujarat Bihar Nagaland
H	Kerala Assam Tripura Himachal P Goa	Orissa Punjab Manipur AP J & K UP WB Haryana

Classification of states again shows concentration around the diagonal (Table 9). Thus states with inadequate infrastructure also have lower allocation of resources and thereby lower levels of creation of infrastructure facility. Computation of correlation also shows significant positive values (0.48). Thus states with higher proportions of irrigated area also had higher allocations of funds under RIDF for the same.

## 6. Conclusion

The concept of RIDF has been developed to enable states to obtain funds for rural infrastructure development and side by side to help commercial banks to meet priority sector lending norms. It is interesting to note however that presently, with the flexible interest rate regime, banks are ready to lend to the state at a lower interest rate than that of NABARD<sup>9</sup>. Furthermore a bank's direct loan to a state government is not on reimbursement basis. Thus, a state government has incentive to borrow directly from a commercial bank for the same infrastructure development project, than going through NABARD. However, for the bank, as the loan is not routed through NABARD, will not be considered priority sector lending.

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<sup>9</sup> As revealed during our discussions with the government officials.

Secondly, special attention should be given to reduce the number of incomplete projects under RIDF. Since loans are disbursed on reimbursement basis, due to lack of funds, projects often get delayed and cost escalation occurs. Unless there is further support for meeting the increased cost, projects may remain incomplete. This is one of the major problems with RIDF, as stated by one of the government officials in Karnataka involved with RIDF projects. Preference is therefore given to improve rural infrastructure through central government schemes like Prime Minister's Gram Sadak Yojana (PMGSY). Unless the problem of completion of projects in time is tackled by both the borrower and the lender through a combined effort, rural infrastructure development will suffer.

Involving the other stakeholders like residents and local self-governments in project formulation and implementation is also quite essential. Only then can the limited resources be utilized in a most optimal manner.

While resources from RIDF have been flowing to all states of India for rural infrastructure development, they do not follow any systematic pattern over time. From the study of growth rates of loans, it appears that loans are taken more on an ad hoc basis rather than on that of a well-prepared planned development. Further, more funds are allocated to regions that are comparatively better off in terms of various indicators considered, in particular, per capita income, rural poverty or physical infrastructure. These funds would be successful in reducing intra-rural disparity only if they are directed more in a need based manner. Both state governments and NABARD should work jointly towards it.

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## Appendix

Table A.1 Rural Poverty Rates (percent), 30 days recall, 1999-2000

Goa	1.35	West Bengal	31.85
Jammu & Kashmir	3.97	Madhya Pradesh	37.06
Punjab	6.35	Manipur	40.04
Himachal Pradesh	7.94	Meghalaya	40.04
Haryana	8.27	Mizoram	40.04
Kerala	9.38	Nagaland 5	40.04
Andhra Pradesh	11.05	Sikkim	40.04
Gujarat	13.17	Tripura	40.04
Rajasthan	13.74	Arunachal Pradesh	40.4
Karnataka	17.38	Assam	40.4
Tamil Nadu	20.55	Bihar	44.3
Maharashtra	23.72	Jharkhand	44.3
Uttar Pradesh	31.22	Orissa	48.01

Source: Jha ( 2002)

Table A.2 Percentage of villages yet to be connected by roads, 1996-97

Madhya Pradesh*	71.61	Maharashtra	29.23
Arunachal Pradesh	59.44	Assam	25.44
Himachal Pradesh	55.13	Sikkim	20.53
Meghalaya	54.67	Mizoram	16.69
Manipur	54.04	Andhra	14.12



		Pradesh	
Bihar*	52.16	Nagaland	11.17
West Bengal	51.33	Gujarat	5.67
Orissa	50.86	Punjab	2.73
Uttar Pradesh*	49.59	Haryana	1.2
Tripura	49.07	Kerala	0.75
Tamil Nadu	48.82	Karnataka	0.38
Rajasthan	47.97	Goa	0.27
Jammu & Kashmir	34.19		

\* Erstwhile, now two states.

Source: Economic Intelligence Services, CMIE, 1997.

Table A3.1 Agricultural and Priority Sector Credit disbursed by commercial banks : All India

Year	Agricultural credit as percentage of total credit	Priority sector credit as % of total credit
1995	14.1	36.8
1996	14.3	37.8
1997	16.3	41.7
1998	15.7	41.8
1999	16.3	43.5
2002	15.3	43.5
2003	10.8	

Source : R B I

