

CHAPTER X

Findings and Recommendations

10.1: Introduction

The last chapter of the present research work brings to highlight the summary of some major findings and suggestions. The important finding of the present research work is presented in this concluding chapter and some necessary suggestions relating to agricultural credit in Assam have also been given in the last chapter.

10.2: Some Major Findings

The major findings of the study are summarised as follows:

10. 2.1. Agricultural sector is still considered as the key sector of Indian economy from the view point of the development of industrial sector as well as enhancing international trade. As per record of Central Statistical Organisation (CSO), the agricultural sector occupied 55 percent share of the GDP in 1950-51 and 13.4 percent in 2013-14.

10.2.2. Agricultural sector in India is very backward and neglected. There are innumerable problems, still, exist in this rural sector. Among all the problems, lack of fund is considered as the main problem of agricultural sector. Hence, agricultural credit is recognised as the prime requirement for the development of agricultural sector.

10.2.3. The economy of Assam is a rural based economy. In Assam, 85.09 percent population of the total population live in rural areas and 70 percent of the total population are directly earning their livelihood from agricultural sector. Out of total labourforce in Assam, 57.4 percent workforces are engaged in agricultural sector and 28.7 percent share to State Domestic Product come from agricultural sector (As per 2001 census).

10.2.4. Agriculturists constitute the major section of the rural people. They are numerically very large but their economic conditions are very deplorable and they belong to the weaker section of the rural economy. The level of income, the standard of living and the amount of earning are abnormally low.

10.2.5. Finance is an important requirement for purchasing various important inputs for the development of agricultural sector. In Assam, farmers are very poor and they are not able to invest sufficient fund in productive activities. In this case, agricultural credit takes a crucial role in the development of agricultural credit and its allied activities.

10.2.6. Financial institutions are the vital pillars for the development of agricultural sector by providing sufficient fund to poor farmers. It also plays another active role in reducing unethical activities of village money lenders.

10.2.7. Commercial Banks are taking an important part in the improvement of agricultural sector by providing loans to poor farmers at a reasonable rate of interest. For providing sufficient services to the rural poor, commercial bank has been expanding its banking network by opening new branches in remote areas. The total number of bank branches of commercial banks has been increasing to 2177 as on March, 2016 as against 1262 as on March, 2007 and 74 only in 1969 (Economic Survey, Assam, 2016-17).

10.2.8. The Regional Rural Banks (RRBs) has mobilised the amount of deposits and credits. The total amounts of deposits of RRBs was Rs. 7882.96 crore as on March, 2015 and Rs 7950.43 crore as on March, 2016. The total disbursement of credit was Rs 4581.04 crore as against Rs 4161.72 crore as on March, 2015 (Economic Survey, Assam, 2016-17).

10.2.9. The co-operative movement was started in 1904 through the introduction of co-operative credit societies with a great objective of granting loan to the rural poor, particularly, to small and marginal farmers. The functioning of co-operative societies was initiated in Assam with the introduction of national economic policy in 1951 by extending of an additional amount of Rs. 20 lakhs. Another additional amount of Rs. 66.48 lakhs was also received from the Reserve Bank of India (Economic Survey, Assam, 2016-17).

10.2.10. The National Bank for Agriculture and Rural Development (NABARD) is considered as an apex financial institution dealing with new development policy formulation in the field of rural credit and other operational aspects of rural credit for the development of rural economy in India.

10.2.11 At present, micro finance is an important scheme to provide small funding loans to the rural people. The SHGs Bank Linkage Programme is an important micro finance scheme to supply small funding credit to the small entrepreneurs (including farmers) in the most easy credit delivery system.

10.2.12 Kishan Credit Card (KCC) is a loan providing scheme, implemented through all the commercial banks, RRBs, co-operative bank. The KCC scheme was initiated in 1998-99 with a view of covering all the regions of the country. The total amount of 50067 number of cards in 2006-07 and 217460 number of cards in 2015-16 were issued to farmers and the total amount of loan of Rs 691273.68 lakhs had been granted and delivered by the KCC holder agriculturists since the introduction of the scheme. (Economic Survey, Assam, 2016-17).

10.2.13. The banking institutions are still unable to touch some remote areas where there is no any financial institution. Again, illiterate farmers are getting troubles to maintain strict rules and regulations of credit delivery system. Hence, as an alternative way, poor farmers have taken loans from non-institutional sources at a very high rate of interest and village money lenders are still playing a crucial role in loan providing activities to the rural poor in some backward areas of Assam.

10.2.14. The unorganised village money lenders are able to provide only inadequate supply of fund to farmers for short period at a very high rate of interest. This type of credit is unethical, exploitative and expensive. Sometimes, it may have ill impact on the socio-economic condition of farmers. The financial institutions can only fulfil this credit requirement of farmers.

10.2.15. The Regional Rural Banks (RRBs) was introduced by the Govt. of India just after passing the Regional Rural Banks Act, 1976 and it was started with the contribution of 50 percent share of central Government, 35 percent share by commercial banks and 15 percent share contributed by the state Government with taking a goal to fulfil the credit requirement in the rural economy.

10.2.16. The Assam Gramin Vikash Bank (AGVB) was launched on 12th January, 2006, by amalgamating the four Regional Rural Banks of Assam, namely, Pragjyotish Gaonlia Bank, Cachar Gramin Bank, Iakhimi Gaonlia Bank and Subansiri Gaonlia Bank. The AGV bank is the largest regional rural bank of Assam and it has been enlarging its banking network through increasing the bank branches in 31 district out of 33 district of Assam (11th Annual Report, 2015-16, Assam Gramin Vikash Bank). The AGV Bank has been providing its banking services for the improvement of the rural economy since the time of opening the bank in 2006. The AGV Bank is granting loans to the rural sector, specially, small and marginal farmers, village artisans, agricultural labourers. SHGs etc.

10.2.17 The position of Assam Gramin Vikash Bank in Assam in respect of expansion of banking network through extending bank branches, amount of deposits and credits was satisfactory. The total number of branches of the AGV bank was 410 in 2015-16 and out of 410, 309 branches were situated in rural areas, 18 branches in urban areas and 83 branches in semi-urban areas (11th Annual Report, 2015-16, Assam Gramin Vikash Bank).

As per the 2nd annual report, 2006-07, Assam Gramin Vikash Bank, the total amount of bank deposits of AGV. Bank was Rs. 19647272 thousands as on 31-03-2007 and it was Rs.17107462 thousands as on 31-03-2006. As per 10th annual report, AGVB, 2014-15, the total deposits amount was Rs. 74188674 thousands as on 31-03-2015 and it was Rs. 73819526 thousands as on 31-03-2016 (11th annual report, AGVB, 2015-16).

The total disbursement of loans of AGV. Bank was Rs. 2883163 thousands during 2005-06 and it was Rs. 3804857 thousands to agriculture and its allied activities including KCC loan in 2013-14, Rs. 4337143 thousand in 2014-15 and Rs. 2634538 thousands in 2015-16(11th annual report, AGVB, 2015-16).

10.2.18. The study reveals that agricultural credit is considered as one of the most powerful inputs for performing all developmental activities in agriculture and its allied activities. In Assam, farmers are generally poor and always face a big problem of scarcity of fund to invest in agricultural sector. Hence, credit requirement to farmers is considered as most urgent as the farmers can invest for the development of

agricultural sector and to purchase HYV seeds, fertilizers, fodder, and agricultural implement and land development activities.

10.2.19. The study finds out that low level of income is one of the serious problems associated with the farmers. Lower income means lower saving capacity, lower investment and low level of productivity and as a result, farmers are in a debt trap. Thus, it is clear that available institutional credit at cheaper rate and at proper time is an important requisite for the development of agricultural sector and for raising the income level of farmers.

10.2.20. The system of production in agricultural sector has been changing from traditional to modern production technique, from labour intensive to capital intensive techniques of production. In this changing environment, the producers have to invest huge amount of money and this investment is only possible for a poor farmer by taking loan from financial institutions.

10.2. 21. It has been found that one of the main sources of agricultural credit is Multi Agency Approach. The Multi Agency Approach means a group of financial institutions such as co-operative banks, commercial banks regional rural banks. This Multi Agency Approach has been providing available loans to agricultural sector at cheaper rate and at proper time since independence.

10.2.22. During the study, it has been found that proper organised market structure is an important infrastructure for the socio-economic development of farmers. In Assam, market structure is very weak and organised markets are located at far distance from village areas. There are not available storage or cold storage facilities to keep surplus produces. Poor transport facilities are another problem to bring the surplus produces from village to market. As a result, farmers are not able to sell their excess amount of produces at a fair and reasonable price. Farmers are bound to sell their output to the middle man or at home market at low price. The middle man takes away a part of profit from farmers. Hence, existence of intermediaries or middle man is another serious drawback of agricultural sector.

10.2.23. The study finds out that some problems are associated with the Multi Agency Approach at the time of providing loans to farmers. One of the problems is that the co-operative bank has reduced the share of disbursement of loans to agricultural

sector over the years. Lack of co-operation among the different credit agencies regarding implementation of rules and regulation of agricultural credit is the another problem of multi agency approach. Different loan providing agencies sanction loan for the same person and for the same security. As a result, debtor cannot recover the loan amount in time and there is excessive burden of overdues on the financial institutions.

10.2.24. In Assam, majority of farmers are poor and they are living in the midst of extreme poverty in village areas. Agricultural credit is the most essential requirement for performing productive activities. Farmers take loan from different sources and majority of them spend the borrowed money for unproductive purposes such as performing social ceremonies, payment of old debt, purchasing durable assets etc. As a result, farmers are unable to repay the loan amount and the burden of debt increases year after year and generation to generation and ultimately, they are in a debt trap. Hence, indebtedness of farmers is a serious issue in agricultural sector of Assam.

10.2.25. We have found that it is an important requirement of borrower to submit heavy security for getting loan from banks. In Assam, maximum numbers of farmers are very poor and live under poverty stricken. They do not have available property to deposit in banks as a security of loan except their tiny plot of land. Hence, small and marginal farmers are deprived of getting loan from financial institutions. Sometimes, poor farmers are bound to sell their tiny plot of land and finally become landless agricultural labourers.

10.2.26. The borrowers need to submit various documents to banks in order to get the loan. The poor farmers need to collect land holding certificate from land revenue office and they are able to collect these documents against payment to officials. Sometimes, illiterate farmers have done all formalities of loan with the helping hand of brokers or commission agent. As a result, a part of loan amount goes to the hand of brokers or commission agent and diminishes the amount of investment in agricultural sector.

10.2.27 we see that the volume of loan sanctioned to poor farmers is inadequate for performing all productive activities in agricultural sector. Sometimes, the borrowers invest this inadequate amount of loan for unproductive activities and they are bound

to borrow from village money lenders at an exorbitant rate of interest. Eventually, farmers are unable to become free from the grip of village money lenders.

10.2.28 Insufficient bank branches is one of the problems of agricultural credit. In Assam, commercial bank and RRBs have expanded banking network and opened new branches almost in all places but, still, there are some remote areas in hilly places and char areas without any bank branches. The cultivators borrow money from unorganised sector at a very high rate of interest.

10.2.29. The financial institutions follow some formalities with strict rules and regulations at the time of granting loan to farmers. The illiterate farmers don't like to follow this complex procedure and take loan from village money lenders at very high rate of interest in easy process and the poor farmers are in a heavy debt burden.

10.2.30. Lack of subsidy is another problem of agricultural credit. Government of India declared subsidy scheme on agricultural credit for a limited amount and limited time period. The agriculturists don't agree to take loan without subsidy. For that reason, some schemes of agricultural credit without subsidy have failed totally to satisfy the poor farmers.

10.2.31. We see that delay in submission of necessary documents by the borrower is also a problem of agricultural credit. The poor and illiterate farmers are getting problem in the collection of necessary documents from different sources and take time in the submission of documents to the financial institutions. The banking institutions cannot release loan to farmers at the peak time due to late submission of documents. Eventually, farmers borrow from village money lenders to perform agricultural activities in the peak season.

10.2.32. The study reveals that the institutional credit delivery system maintains a complicated procedure and takes a long period of time. Sometimes, farmers do not get loan in time due to complex procedure. Farmers utilise untimely received loan on unproductive purposes. Sufficient fund is essential to farmers for performing agricultural activities in peak season. Hence, farmers borrow money from non institutional sources to perform agricultural activities in time.

10.2.33. The study shows that heavy political pressure on bank official is one of the problems of agricultural credit. Sometime, politicians point out the bank manager to provide loan to a particular person without following any norms of rural credit.

10.2.34. During the study, it has been found that an overdue of loan instalment is one of the serious problems of agricultural credit. When the loan amount is properly utilised and repaid on due date, then, the credit system is considered as successful and it is possible to recycling the fund to farmers again. On the other hand, when a borrower does not return his loan instalment on due date and this pending loan is known as overdue. This overdue problem may paralyse the rural credit structure.

10.2.35. Natural calamities such as flood, drought, earthquake etc. are the main causes of damage of crop production and reduction of crop production. For that reason, income level of farmers has reduced to the level that fails to repay the loan installment in due time and ultimately, burden of overdues increases year after year.

10.2.36. It has been found that inadequate bank staff is another problem of agricultural credit. The banking institutions cannot provide proper service to customers due to insufficient bank staff and unable to implement some important schemes for the improvement of agricultural sector. The poor farmers are bound to take loans from village money lenders for performing all agricultural activities.

10.3: Some Major Findings

Agricultural sector plays a crucial role in the development of Assam economy. In Assam, 85.09 percent people live in rural areas and 70 percent are directly depend on agricultural sector for their livelihood. Agricultural sector contributes 28.7 percent share to the State Domestic Product (SDP) (census, 2001). So, Top priority must be given to the development of the agricultural sector. Agricultural credit is one of the prime requirements for the development of the agricultural sector. To study the structure and position of agricultural credit, a sample survey was completed by taking 270 sample household from 9 villages of Barpeta district as a case study area. The major findings of the sample survey, particularly, concerning to the agricultural credit have been summarised below:

10.3.1. The Barpeta district is a district of agrarian structure. The total geographical area of the Barpeta district of an area of 2282 Sq.Km. Total population of the district was 1693622 out of which 1546269 populations live in rural areas. There are 11 community development block, 2 sub-division and 129 Gaon panchayat in Barpeta district. (As per census, 2011).

10.3.2. There are mainly three clusters rural inhabitants in the sample district Barpeta. These three clusters populations are category-I comprising of Brahmin, Kalita, Keot, Koch, Hira, Kaibarta etc, category-II includes Bodo community and category-III includes Immigrant Muslims.

10.3.3. Size of household is an important factor affecting on socio-economic condition of farmers. So far as the family members of the sample farmers, It has been found that 42.22 percent of category-I farmers families are having less than 5 family members, 53.33 percent having in between 5-10 family members and 4 percent having in between 10-15 family members and above 15 family members is nil in the category-I group.

In case of category-II or Tribal, 33.33 percent farmer's families are having less than 5 family members, 60 percent having in 5-10 family members, 6.67 percent having in between 10-15 and above 15 members family is nil in the tribal group.

In the category-III or immigrant Muslim group, 35.56 percent farmers' families are having less than 5 family members, 53.33 percent farmers have the family members in between 5-10, and 6.67 percent having in between 10-15 family members and 4.44 percent farmers are having above 15 family members. The study reveals that among the three cluster populations, category-III (immigrants Muslims) farmers are having the highest number of family members.

10.3.4. Regarding dependency ratio, it has been observed that 17.78 percent category-I farmers have the dependent person in between 0-3, 73.33 percent have the dependent person in between 3-6, 6.67 percent have the dependent person in between 6-9 and only 2.22 percent have 9 and above dependent person.

In the category-II (tribal) group, 6.67 percent farmers have the dependent person in between 0-3, 84.44 percent have in between 3-6, 8.89 percent have in between 6-9 and the dependent persons of farmers having 9 and above is nil in this group.

In the category-III (immigrant Muslims) group, 6.67 percent farmers have the dependent person in between 0-3, 62.22 percent have in between 3-6 dependent person, 22.22 percent have the dependent persons in between 6-9 and 8.89 percent farmers have the dependent persons 9 and above. From the study, it has been cleared from weighted mean that among the three groups, the category-II farmers have the highest dependency ratio.

10.3.5. We find that among the three cluster populations, category-I farmers are having more educational qualifications. In the indigenous group, 8.89 percent farmers are illiterate, 37.77 percent are below HSLC, 20 percent are HSLC passed, 15.56 percent are H.S. passed, 6.67 percent are Under Graduate, 8.89 percent are Graduates and 2.27 percent are Post-Graduates.

In the category-II Group, 26.67 percent farmers are illiterate, 33.34 percent are below HSLC, 17.78 percent are HSLC passed, 13.33 percent are H.S. passed, 4.44 percent are Under Graduate, 4.44 percent are Graduates and Post-Graduates farmers are nil in this group.

In the category-III Group, 40 percent farmers are illiterate, 33.34 percent are below HSLC, 11.11 percent are HSLC passed, 11.11 percent are H.S. passed, 2.22 percent are Under Graduate, 2.22 percent are Graduates and Post-Graduates farmers are nil in this group. From the study, it is clear that category-I farmers are more literate and category-III farmers are more illiterate.

10.3.6. One of the notable findings of the study is that Assam Gramin Vikash Bank has provided the highest volume of agricultural credit to the affective sector. In the study area, out of 270 sample farmers, 46 farmers have taken loan from State Bank of India, 42 farmers from Union Bank, 16 farmers from UCO Bank, 18 farmers from Canara Bank, 106 farmers from Assam Gramin Vikash Bank, 18 farmers from Apex Co-operative Bank, 04 farmers from co-operative society, 14 farmers from Bandhan Bank and 6 farmers have taken agricultural credit from H.D.F.C. Bank. Thus, it is clear that Assam Gramin Vikash Bank is the highest loan provider bank to rural sector; SBI is the second loan provider bank to agricultural sector.

10.3.7. One important finding is that male contributes more workforce in agricultural sector than female. In the field study, it is found that 91.85 percent male are engaged in agricultural activities and only 8.15 percent female are in agricultural activities.

10.3.8. The study reveals that in spite of spreading banking network in the rural areas, some farmers are taking loans from non institutional sources. In the field survey, it has been found that out of 270 sample farmers, 106 farmers have again taken loans from non institutional sources. Out of 106 sample farmers, 90 farmers have taken loans from village money lenders, 2 farmers took loans from mahajan or land owner, 8 farmers from friend and 6 farmers have taken loans from relatives. From the study, it is clear that village money lenders have been playing a dominant role in some remote areas of Assam.

10.3.9. During the study, it has been found that financial institutions are the basic infrastructure required for the socio-economic development of an economy. In the study area, 11.11 percent sample farmers are getting banking facilities within the range of 0-2 Kms, 11.11 percent having banking facilities in the range of 2-4 Kms, 22.22 percent having banking facilities in the distance of 4-6 Kms and 55.56 percent farmers have reached the banks in the range of 6 Kms and above 6Kms. Thus, it is found that bank branches are not available in the rural Assam.

10.3.10. In the study area, 11.11 percent farmers are getting marketing facilities in the distance of 0-2 Kms, 11.11 percent in the range of 2-4 Kms, 22.22 percent in the distance of 4-6 Kms, 22.22 percent need to go to market in the distance of 6-8 Kms, 11.11 percent farmers in the distance of 8-10 Kms. and 22.22 percent farmers are getting marketing facilities in the range of 10Kms and above.

10.3.11. Farmers are classified on the basis of size of landholding. As per agricultural census conducted in 2011 in India, a farmer having the landholding size is less than 1 hectare known as marginal farmers, landholding size is between 1 to 2 hectares known as small farmers, landholding capacity of semi-medium farmers is between 2 to 4 hectares, the landholding size is 4 to 10 hectares known as medium farmers and the landholding size is above 10 hectares known as big farmers. In the field of investigation, it has been found that 51.11 percent farmers are marginal farmers, 28.89 percent farmers are small farmers, 11.11 percent are semi-medium farmers, 6.67

percent are medium farmers and 2.22 percent are big farmers. It is found that majority of farmers are marginal farmers.

10.3.12. One of the important findings of the study is that farmers are not getting loan in peak season. There is delay in advancing loan by the banks to the farmers for the complex procedure of institutional credit. From the study, it has been found that 60.74 percent farmers are not able to receive loan in time and 39.26 percent are getting loan in time. From a chi-square test, it is confirmed that there is delay in sanctioning agricultural credit.

10.3.13. Delay in sanctioning loan is one of the main barriers of agricultural sector. In the field study, it has been found that 14.63 percent farmers have opined that there is delay in providing loan due to shortage of bank staff, 60.98 percent farmers viewed that queries is the main cause of delay in granting loan and 24.39 percent farmers have opined that ill attitudes of bank official is the cause of delay in sanctioning loan. No one viewed lack of fund of banks is a cause of delay in granting loan. Thus, it is clear that queries of documents are the prime cause of delay in sanctioning loan by financial institutions.

10.3.14. It has been found that in the field survey, 93.33 percent sample farmers are not satisfied on the services of banks official and only, 6.67 percent farmers are getting satisfied service from banking institutions. Thus, unsatisfactory service of banking institutions is one of the main problems of agricultural credit.

10.3.15. One of the findings of the study is that the rates of interest of agricultural credit charged by the banking institutions are affordable and reasonable. In the field of investigation, it has been found that 64.81 percent farmers expressed their opinions regarding the rate of interest of institutional credit that the rate of interest of agricultural credit charged by the banks is unaffordable and unbearable.

10.3.16. It has been found that the role of paid middle man in sanctioning a loan has reduced in agricultural sector. Among the sample farmers, 77.78 percent farmers have taken loan without taking help from middle man and 22.22 percent farmers took loan through middle man or brokers. It shows somewhat influences of brokers still exist in the rural credit system.

10.3.17. Indebtedness of farmer families is a big problem of agricultural sector. From the study, it has been found that 55.56 percent families are indebtedness and 44.44 percent families are free from debt obligations. In the field survey various causes of indebted are found that 20 percent farmers are indebtedness due to their lower level of income, 40 percent are in a debt burden because failures of crop production activities and ultimately poverty condition of farmers, 16 percent farmers are indebted due to repayment of old debt, 14.67 percent farmers are indebted for performing social ceremonies and 1.33 percent are in a debt burden for doing development activities. Hence, it is found that poverty is one of the main causes of indebtedness of farmers.

10.3.18. Monitoring of rural credit by bank official is most essential for proper utilisation of loan amount. From the study, it has been found that 81.48 percent farmers have given opinions that bank officials were not visited to observe the utilization of loan amount and 18.52 percent sample farmers have opined that bank officials have visited to inspect the utilization of loan amount.

10.3.19. One of the important finding of the study is that procedures of taking loan from financial institutions are complicated. For that reason illiterate farmers are not interested to take loan from banking institutions. In the field study, it has been found that 62.96 percent sample farmers have expressed their opinions that borrowing procedures from banking institutions are complicated and 37.04 percent opined that borrowing procedure from banks is simple and easy. A chi-square test has been done and confirmed that borrowing procedures from banking institutions is complicated.

10.3.20. Unproductive utilisation of loan amount is one of the serious problems of agricultural credit. During field investigation, it has been found that 55.56 percent sample farmers have used their loan amount in unproductive activities and 44.44 percent farmers utilised the loan amount in proper way. From a chi-square test, it is confirmed that majority of farmers used their loan in unproductive purposes.

10. 3.21. Diversion of credit amount from agricultural activities to other activities is the problem of agricultural credit. In the field survey, it was found that 20 percent sample farmers spent the loan amount on purchasing of durable domestic assets, 40 percent borrowers spent the borrowed fund on family consumption expenditure, 20 percent spent on business purposes, 13.33 percent spent on social ceremonies and religious purposes and 6.67 percent on treatment of diseases.

10.3.22. A notable finding of the study is that an overdue of loan amount is one of the serious problems of agricultural credit. During the period of field investigation, it has been found that 3.25 percent farmers are not able to return the loan due to their lower income level, 1.30 percent are unwilling to repay the loan amount, 12.99 percent are unable to return the loan installment because they spend the loan amount on social ceremonies and religious purposes, 38.96 percent could not return the loan due to high family consumption expenditure and 43.50 percent are found defaulter due to lower level of productivities. From regression equation and chi square test, it is confirmed that low productivity is the main cause of overdue problem.

10.3.23. We find that requirement of heavy security for taking agricultural credit from banking institutions is the big problems of poor farmers. During field survey, it has been observed that 100 percent sample farmers have submitted security for availing loan from banking institutions.

10.3.24. In the field survey, it has been found from an 'ANOVA' TEST that there is a significant impact of agricultural credit on the monthly income of farmers. The percentage of farmers had reduced from 20 percent during pre-loan period to 8.87 percent during post-loan period. The percentage of farmers having monthly income in the range of 3001-4000 had increased a slight from 23.70 percent to 24.44 percent during post-loan period over pre-loan period. In the Range of monthly income 4001-5000 and 5001-6000, the percentage of agriculturists had increased from 33.33 percent to 35.19 percent and from 17.04 percent to 20.37 percent during post-loan period over pre-loan period respectively. In the monthly income level 6001-7000 and 7001 and above, the percentage of farmers had increased from 4.45 percent to 7.41 percent and 1.48 percent to 3.70 percent in the post-loan period.

10.3.25. It has been found that there is a little impact of agricultural credit on monthly consumption expenditure of lower income group, monthly consumption expenditure of higher income group remains same. The monthly expenditure on consumption of 20 percent farmers was up to Rs. 3 thousands in the pre-loan period and it was reduced to 18.52 percent of farmers during post-loan period. Monthly expenditure amount on consumption between the ranges of Rs. 3001 to Rs.4000 was 24.44 percent of farmers in the period of before loan which was reduced to 22.22 percent during post-loan period. The percentage of farmers having monthly expenditure on

consumption ranging between Rs. 4001-5000 had increased from 38.53 percent in the pre-loan period to 42.23 percent during post-loan period. The percentage of agriculturists occurring monthly expenditure on consumption purposes in the range of Rs.5001-6000, Rs. 6001-7000 and expenditure above 7 thousands was remained same, i.e. 12.59 percent, 2.96 percent and 1.48 percent respectively.

10.3.26. The study reveals that the condition of dwelling houses pinpoints the unsatisfactory living condition of farmers, In the field survey, it has been found that 67.41 percent sample farmers are living in kutcha houses, 17.78 percent farmers' houses are in semi-pucca and 14.81 percent farmers are living in pucca houses. Hence, there is not any significant impact of credit on dwelling houses of farmers.

10.3.27. The study reveals that during pre-loan and post-loan period, there is no changes any basic structure of sanitation facilities of Farmer families. In the field survey, it has been found that during pre-loan and post-loan period, 84.44 percent farmers' families use kutcha toilet, 14.82 percent farmers' families use pucca toilet and 0.74 percent farmers use open field. In this regard, government scheme have taken an important step in the construction of pucca toilet in free of cost in farmers' family. In case of drinking water also, there is no changes in the sources. It has been observed that during post-loan period, 17.77 percent farmers' families use Govt. supplied tube well or public health water supply, 76.30 percent families use tube-well as a source of drinking water, 5.93 percent families use well for their drinking water and there are not any users of open source such as pond, river as their drinking water in the study area.

10.3.28. We have found that there is a little impact of agricultural credit on the implementation of agricultural inputs during post-loan period. During post-loan period, it has been found that the farmers having own bullocks were increased to 8.15 percent, owners of tractor have increased 2.96 percent, owners of power tillers have remained constant, users of hired tractor or power tillers have reduced 11.11 percent, 7.41 percent farmers have increases their irrigation facilities, fertilizers users increased 18.52 percent, 3.7 percent sample farmers used more H.Y.V. seeds, 7.42 percent farmers used more pesticides or insecticides. Hence, there is no any significant impact on the implementation of agricultural inputs during post-loan period.

10.3.29. It is observed that majority of farmers do not have any knowledge about the official record of their land and the majority of them do not have any land registration record in their hand and as a result, they are unable to submit any required documents of their land in banks as a security of loan. Hence, the farmers are not able to take loan from banks due to lack of land registration record.

10.3.30. During personal investigation, it has been found that land holding position of maximum cultivators are small and scattered for which they are not able to use modern inputs for cultivating their land. There is no any irrigation facility in maximum areas of BARPETA district. Hence, they need to depend on nature for water. Thus, agricultural products are not available and as a result, farmers cannot return the loan amount and enter in to vicious circle of indebtedness.

10.3. 31. A notable finding of the study is that default of loan installment is one of the big problems of agricultural credit. During the study, it has been found that 29.63 percent loanee farmers have returned their loan installment on regular basis, 13.33 percent loanee farmers have repaid irregularly and 57.04 percent loanee farmers have been found as defaulters.

10.4: Some Findings of Sample Survey of Financial Institutions

10.4.1. One important finding of the study is that poor recovery of loan instalments is one of the serious problem faced by the banking institutes. During the field study, it has been found that out of 30 branches of different banks, 03 branch officials have noted that the institutions are unable to collect the lending money due to lower income of borrowers, 11 have opined that loanee farmers are not able to return loan amount due to utilisation of credit money in unproductive activities, another 04 branches argued that defaulted of lending money due to misutilisation credit money and 12 branches' officials opined that loanee farmers have willfully defaulted their loan amount. From the study, it has been cleared that 40 percent bank branches are unable to collect the lending money due to willful defaulter and 36.67 percent bank branches are unable to recover the lending money due to unproductive utilisation of credit money by the borrowers.

10.4.2. During time of survey in the bank branches, it has been found that delay in the submission of necessary documents in the banks by the borrowers is considered one of the serious problem of financial institutions during the time of providing loan. As a result, bank branches are not able to provide loans in time to the farmers and poor farmers take loans from village money lenders at an exorbitant rate of interest..

10.4.3. The banking institutions are confronting a big problem of huge amount of non-performing assets (NPA) of sanctioned loans. During survey of bank branches, it has been found that majority of banking institutes have failed to recover the principal loan amount and the interest amount on due time and this NPA position reduced the loan expanding activities of banks.

10.4.4. At the time of survey of bank branches, it has been found that Shortage of bank staff as per coverage service area of a branch is another problem of banking institutes. The bank branches cannot provide sufficient service facilities to borrowers due to inadequate man power and there is unnecessary delay in advancing loan to farmers.

10.4.5. Poor knowledge and lack of banking habitations of borrowers is another problem faced by the banking institutes.. The illiterate farmers do not have the proper knowledge about the loan formalities and they do not know how to maintain and finance the loan account properly. Mis-utilisation of loan amount is also due to ignorance of the farmers. Eventually, loanee farmers are found as defaulted their loan amount.

10.4.6. From the personal investigation of bank managers, it has been found that Government loan relief scheme is also another factor responsible for low recovery of loan because the loanee farmers are not interested to return the loan amount and waiting for government loan relief scheme announcement. Eventually, loan instalments are pending and tremendous overdue problem arises in agricultural credit.

10.5: Recommendations

In order to improve the position of agricultural credit and to remove the problems which are associated with the agricultural credit in Assam and in the sample district Barpeta, some remedial measures recommended as follows:

10.5.1. Agricultural sector in India is very backward and a traditional sector. The traditional agricultural sector should be transformed into modern agricultural sector for more production by providing available modern inputs through Government budgetary provisions at concessional rate of price or free of cost.

10.5.2. Available credits should be supplied by the financial institutes at minimum rate of interest to the poor farmers as they can perform their agricultural activities.

10.5.3. There is still some remote areas without any bank branch. The banking authority needs to spread banking network and should open new branches in different corner of the country as per demand. In Assam, the Regional Rural Banks, particularly, the Assam Gramin Vikash Bank needs to take the main role in providing available credit facilities to the rural poor in backward areas.

10.5.4. To raise the income level and to improve the standard of living of poor farmers, the banking institutes should provide available credit facilities at minimum rate of interest to poor farmers and some additional employment avenues for additional income should be generated through cottage industries such as bamboo making, cane making, pottery, brass matel and bell matel industries etc and through agricultural allied activities such as fishery, dairy farm, poultry farm etc.

10.5.5. Government should formulate some new policies or rules against non-institutional sources of rural credit. These policies and rules are implemented to restraint completely the unethical and exploitative lending activities of village money lenders. Registration of non-institutional sources under government financing Act should be mandatory

10.5.6. The financial institutes should minimise the volume of security and should follow a simplified procedure in disbursing rural credit to the poor farmers, particularly, small and marginal farmers.

10.5.7. It is necessary to protect the farmers from incurring losses of production of crops due to natural calamities. The losses of crops production should be compensated through the insure of the crops by insurance companies and it reduces the volume of defaulted loan amount.

10.5.8. It has been found that majority of bank branches in rural areas are facing a serious problem of inadequate bank staff. Due to paucity of bank staff, the banking institutions fail to provide loan in time. Hence, to overcome this problem, new employees should be appointed and rural allowance should be declared to the bank officials serving in the rural areas.

10.5.9. Overdues of loan instalments is a serious problem of agricultural credit. Repayment of loan amount is most essential for recycling of fund again to farmers. To tackle the problem of overdues, some humble suggestions may be summarised as follows:

10.5.9(i) There is an urgent need to create and develop some agricultural allied activities as additional sources of income for the rural poor. This additional income will encourage the poor farmers to repay the loan amount and try to reduce their old burden of debt.

10.5.9 (ii) The bank personnel should keep a good relation and personal contact with the borrowers. This friendly relation may reduce the number of willful defaulters.

10.5.9 (iii) The financial institutions need to organise some awareness campaigns in the village areas which may increase the consciousness of borrowers and motivate them to repay their loan installment in time.

10.5.9 (iv) To reduce the overdue problem, the name of defaulters should be enlisted and a list of defaulters need to hang up in public places or publish a notification in newspaper, so that some borrowers may take it as their prestige issue and come forward to repay the loan amount.

10.5.9 (v) The banking institutions should engage an additional staff for the movement and to inspect in the field. The staff needs to meet the borrowers and collect the loan instalment in time. An incentive bonus may be announced to the field staff depending on their performance of collecting loan installment.

10.5.10. Indebtedness is a chronic problem of farmers. During off seasons of cultivation, farmers are generally sitting in idle without income. So, some work place should be created in village areas during off season through government scheme that the rural poor can earn their livelihood. Another remedy is that the lending activities

of village moneylenders should be stopped in the village area by regulating some new rules of Government.

10.5.11. Majority of farmers in Assam and in the district Barpeta are illiterate and are dwelling in rural areas so that they are not able to get information regarding the rural credit schemes. To tackle this problem, community information centre should be set up by the state government in rural areas and through the community information centre; poor farmers can collect the required information regarding the various schemes of rural credit.

10.5.12. Some special schemes of agricultural sector should be announced by the Government through which some basic requirements of farmers such as fertilisers, HYVseeds, power tillers, tractor, machines and some other equipments are to be supplied at concessional rate or free of cost through some local agencies such as Gaon Panchayat or block offices.

10.5.13. Sanctioning of credit to the rural sector does not mean that it can solve all the problems of agricultural credit. Rather, a monitor is needed to know the requirements of farmers and assist them as per their needs.

10.5.14. The Government should take a positive step in the construction of godown, cold storage and set up new organised market in the rural areas at a normal distance, so that the farmers can keep their produce in the godown or vegetables in cold storage and they are able to sell at right price in the organised market.

10.5.15. The department of agriculture through Gram Sabhas may take a positive step to educate illiterate farmers to use modern agricultural inputs for adopting modern technique of production and to use various facilities for the growth of agricultural sector. A proper guidance may also be given to the farmers so as to use credit amount in proper way for the development of agricultural sector and its allied sectors.

10.5.16. Infrastructure facilities are the basic requirements for the development of agricultural sector. Before opening a branch of bank in rural areas, the transport and communication facilities must be developed. Hence, Government should give top priority to the development of infrastructure facilities in remote areas.

10.5.17. The local agencies such as Gaon Panchayat, Gram Sabhas and block administration should be involved to help in enlisting the name of borrowers as well as providing loan to farmers.

10.5.18. The incidence of Non Performing Assets (NPA) is a big problem faced by the banking institutions. To solve this problem, a pre-lending supervision of borrowers' planning should be done by the bank officials. The banking institutions should not provide loan to non priority sector.

10.5.19. The banking institutions should organise meeting in the village area at a time interval to aware the borrowers against the ill practices of unproductive utilisation of credits amount and to evaluate the performance of borrowers.

10.5.20. The state government should take some positive steps in the development of entire structure of financial institutions to provide rural credits and should assist the banking institutions to overcome the problem of poor recovery of loan instalment by announcing some new rules against defaulted borrowers or government may announce relief of loanee farmers from the burden of agricultural credit.

10.5.21. The agriculture department should conduct trainings for the motivation of farmers and encourage them to adopt multiple cropping method by using irrigation water.

10.6: Conclusion

The study has made an attempt to understand the system of agricultural credit disbursement policy, the entire structure of financial institutions and socio-economic conditions of farmers in Assam as well as in the sample district Barpeta.

Agriculture is the core sector in the economy of Assam. In Assam, 89 percent out of the total populations are living in rural places and 69 percent of the total working force are directly depending on agriculture and allied activities for their livelihood (As per 1991 census)., the agricultural sector, the main source of livelihood, is facing from the problem of low productivity. The crop productivity level in Assam still shows stagnant and poor. There are various causes of low productivity of this sector such as traditional method of production, natural calamities, lack of

irrigation facilities, use of old inputs, lack of fund etc, in Assam. Among all the problems, lack of adequate fund for performing agricultural activities is considered as big problem of agricultural sector. The banking institutions provide very little amount of credit in comparison to its requirement. Thus, farmers are depending on village money lenders who charge an exorbitant rate of interest. In this regard, financial institutions have been playing a crucial role in the development of agricultural sector. The banking institutions are providing credits to farmers at a cheaper rate in time. By taking institutional credit, poor farmers can become free from the grip of village money lenders. In Assam, majority of farmers are small and marginal farmers. They are always suffering from the scarcity of fund. The regional rural banks, commercial banks and co-operative banks have provided loan to the rural poor for the development of agricultural sector. Thus, without proper development of entire financial structure of the country, development of poor agricultural sector is not possible. The state government of Assam has adopted some new strategy for the development of financial institutions and agricultural sector in Assam.

The study tries to focus the various concept such as contribution of financial institutions in the development of agricultural sector and its allied activities by providing credits in time, process of taking loan for investment in crop production activities, available and timely credit, repayment system of loans, poor recovery of loans and problems of overdue. Loan overdue leads to weak recycling of credits which is certainly a constraint in availing agricultural credit.