

ABSTRACT

Agriculture is one of the main sectors of an economy. This sector provides the basic needs of human beings such as food, cloths etc. Agriculture and its allied sectors have contributed to a large extent in the development of industrial sector by supplying required raw material to produce finished product. It also contributes a major part of national income of India. Majority of rural masses earn their livelihood from agricultural sector. Hence, it is an urgent need to develop this sector.

Agricultural sector in Assam is far back in terms of development due to lack of credit facilities. Most farmers in Assam are small and marginal and they are suffering from financial scarcity which is the main restrain to maintain their agricultural activities. They need adequate credit facilities to perform their agricultural activities. In order to provide banking facilities to the rural sector, large numbers of bank branches, namely, Regional Rural Bank (RRB), particularly, Assam Gramin Vikash Bank, Assam co-operative Apex Bank, State Bank of India, Union Bank, Uco Bank, Canara Bank, etc have been set up in rural areas of Assam. But still now, banking institutions are not able provide sufficient credit facilities to rural sector and sometimes illiterate farmers are not interested to take loan from financial institutions as they are to follow hard and fast rules of banks. Thus, it is seen that in Assam, farmers took loans from private money lending agencies at an exorbitant rate of interest. Hence, adequate financial institutions in rural areas must be set up to meet the increasing financial demand for agricultural operation.

The state Assam is situated in the north east region of India. Assam is basically an agrarian state and socio-economic life is rural where 89 percent of the total population belongs to the rural areas. The topographical position of Assam is such that there are plenty of natural resources and sufficient fertile land. The economic life of majority of rural people is based on agricultural sector. Agriculture and its allied sectors are their major occupations. These rural sectors are still remaining backward owing to lack of fund to invest. Hence, in order to uplift the occupation of rural masses, financial institutions should be established in remote areas of Assam and should provide available cheap credit facilities to farmers at reasonable rate of interest as they can perform their agricultural operations.

Agricultural credit is playing an important role and acts as a wheel for the development of rural sectors. In ancient time, village money lenders were the main source of credit in rural areas which were insufficient, expensive and exploitative. In the past, roles of private money lending agencies have declined. There are large numbers of financial institutions such as Assam cooperative Apex Bank, SBI, Uco Bank, Union Bank, Canara Bank, RRB, NABARD, etc. have provided credit to farmers at a cheaper rate in time for which farmers are able to invest available fund in agricultural sector.

Majority of farmers in Assam is small and marginal. They are not capable of producing sufficient amount owing to scarcity of fund to invest in agricultural sector. In this perspective, financial institutions contribute a significant role by providing loans to the rural sectors. During the time of field investigation, it is seen that there is a partial impact of agricultural credit on the socio-economic conditions of rural people. Majority of farmers are living below poverty line and their productivity is also low. Their production technique is traditional and outdated. Hence, to improve the rural sector, financial institutions should play an active role in Assam.

The Regional Rural Banks (RRBs) are playing a crucial role in the development of rural sectors by providing loans to agriculture and its allied sectors. The RRBs were established under the Regional Rural Banks Act, 1976 by the 50 percent contribution of central government, 35 percent share of the commercial Banks and 15 percent share contributed by the state government with an objective to meet the rural demand of agricultural credit. Assam Gramin Vikash Bank (AGVB) is the largest network coverage Regional Rural Banks of Assam and this bank was established by the amalgamation of four regional rural bank of Assam, namely, Pragjyotish Gaonlia Bank, Cachar Gramin Bank, Lakhimi Gaonlia Bank, Subansiri Gaonlia Bank. The AGV bank has been functioning its services in 31 districts with 410 nos of branches. The Assam Gramin Vikash Bank contributes to a greater extent in the development of rural economy in Assam.

In Assam, Major portion of agriculturists are very poor and they are even unable to maintain the minimum requirements for their family. Hence, this poverty stricken group needs credit from banking institutions for performing their agricultural activities. Sometime, poor farmers are also not interested to borrow money from bank due to submission of documents and long procedure and formalities in sanctioning loan. So, they took loan from village money lenders which are exploitative and expensive. Hence, government should establish various branches of banks in every corner of the country to provide adequate supply of finance to the rural sectors. The financial institutions are also facing a large number of problems after disbursement of credit such as poor recovery of loan, heavy overdue problems and utilization of loan in unproductive way. Hence, to overcome these problems, financial institutions should monitor the activities of farmers at a time interval.

To understand the current position of agricultural credit and development of rural sector, a sample survey has been conducted by taking 270 sample households from 9 villages of three development blocks in Barpeta district as a case study area and find out that agricultural sector is very backward, neglected and traditional. This is owing to poor financial condition of farmers and financial institutions have provided loans to farmers which are not sufficient for operating their agricultural activities. Hence, government should take a positive step in this regard to develop the agricultural sector in Assam.