CHAPTER X

LIFE INSURANCE CORPORATION OF INDIA
AND AGRICULTURAL CREDIT IN ASSAM

The Life Insurance Corporation of India is one of the major financial institutions in the country. But it has so far been left out of the scope of providing credit to agriculture which brings nearly 50 per cent revenue to the Government exchequer and provide employment to nearly 70 per cent people of the country.

The main activities in respect of investment and credit of the corporation are connected with the following:

(i) State Government Securities.
(ii) State Financial Corporation.
(iii) State Electricity Boards.
(iv) State Government Housing Board.
(v) Share and Debentures of Companies.
(vi) Debentures of Land Mortgage Banks.

We shall discuss here only the last field of activities of the corporation since this is connected with
providing credit to agriculture.

The corporation does not provide credit directly to the farmers but provide credit by purchasing debentures/bonds floated by the Land Mortgage Bank which in turn invest the funds by providing long-term credit for agricultural development.

The Guwahati division of the Life Insurance Corporation of India has started investment in debentures of the Assam Co-operative Land Mortgage Bank since 1972 when it invested a meagre amount of Rs. 1.99 lakhs in its bonds considering huge deposits it accrues from insurance policy holders in the State. This amount is also meagre in the sense that when we compare its investment in other bonds then in the same year it invested Rs. 885.16 lakhs in the State Electricity Board, Rs. 122.86 lakhs in the State Government Housing Scheme and Rs. 54.43 lakhs in the State Financial Corporation.

In 1973 the Guwahati Division of the Corporation invested a sum of Rs. 3.48 lakhs in the debentures floated by the State Land Mortgage Bank while it invested Rs. 1192.03 lakhs in the State Electricity Board, Rs. 169.55 lakhs in the State Government Housing Scheme and Rs. 104.19 lakhs in the State Financial Corporation. During 1974 the State Land Mortgage Bank did not float any debentures. As a result theri
was no investment of the Life Insurance Corporation in agricultural development.¹

It is evident from the above that the role of the Life Insurance Corporation of India in dispensation of agricultural credit in the State is very poor so far in relation to its huge resources in the State when it completed business to the tune of Rs. 30.1 crores in 1971-1972, Rs. 37.00 crores in 1972-73 and Rs. 33.95 crores in 1973-74 respectively.²

The Life Insurance Corporation of India can make a dent in agricultural finance with its huge resources through some credit agencies like co-operative credit societies or other agencies which in its turn can increase its business by insurance coverage of the farmers.

² Ibid.