Preface

The rural financial system has to accept the challenge of providing adequate and timely credit facilities to the agricultural sector. Agricultural development represents the convergence of the main objectives of economic policy in India: Growth, Stability and Poverty alleviation.

Agricultural credit, in a practical sense is a nucleus of the system of farm operation. In poor states like Assam, agricultural credit assumes even more importance.

It is very disheartening to observe that Indian agriculture is starved of capital. The commercial banks have the national obligation of a steady and substantial increase in credit outflow in the agricultural sector. But till now the commercial banks at the macro level, could not attain the desired growth rate of 18 per cent direct credit flow to the agricultural sector. An analysis of the agricultural financing by the institutional sources has revealed that the problem of agricultural credit in Assam in particular and North East in general assumes a significant proportion. More particularly for small and marginal farmers, the deceleration in the credit disbursal has been the maximum in the 1990s. The high level of dependence of the lower income groups on non-institutional sources has continued despite a rapid growth of banking network in India. As Cachar District is a peasant economy having 54 per cent of small and marginal farmers, this problem assumes a critical significance. Without giving too much attention on the conceptual and measurement problem of agricultural credit, it is more important to analyse why the problem of poor credit offtake originates and aggravates both from the supply side as well as demand side.

After thirteen years of the banking sector reform experiments, it is prudent to have a fresh look on the performance of the banking sector in regard to agricultural credit. So the present study made a humble attempt to analyse the existing credit delivery mechanism relating to agricultural production in the Cachar District, so that the anatomy of agriculture can be understood and it may also be properly diagnosed for increasing flow of production credit in required amount.

Sudipa Rakshit

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