CHAPTER - III

FINANCIAL NEED AND FINANCIAL AGENCIES FOR AGRICULTURAL DEVELOPMENT

The supply of institutional credit is a function of the existing credit structure for agriculture. In view of this, the present chapter gives an outline of institutional credit together with a brief history of the evolutions of the institutions viz., co-operatives and commercial banks. It provides the relevant background needed for the purpose of the study.

The Co-operative Movement in Assam is as old as in the rest of the country, which made its beginning with the passing of the Co-operative Societies Act, 1904. But the state did not have any success in the development of the movement till 1951 which has been passing through many stresses and strains. In Assam, the co-operative movement has had by now a history of over 86 years during which it has passed through several phases of expansion, stagnation, consolidation and development. The economy of Assam being predominantly rural in character, the importance of the co-operative movement in the state can hardly be underestimated. An extensive net work of sound and viable co-operatives are required in Assam for the achievement of the objectives of
economic growth and social changes. The co-operatives, indeed, can be the basis of rural uplift in Assam by giving new vitality to economic development in this backward state. But, the growth of the co-operative movement in Assam unfortunately is neither well-planned nor well-organised.

Although co-operative movement in the state has made considerable stride over the years much more still remains to be done in this field so as to achieve the desired goal. In fact, the increasing incidence of uneconomic and dormant co-operatives still continues to be a disturbing feature in the way of its progress in the state.

At the beginning of the plan era, the co-operative movement in Assam had a long but inglorious past and was in a stagnant condition. Therefore, for bringing about agricultural prosperity in Assam revitalisation of the co-operative movement became an important item in the programme of agricultural development under the successive plans.

Plan-wise Outlay on Co-operation

With the introduction of national economic planning in 1951 a fresh promise was brought to the co-operative movement in Assam. During the first plan, an expenditure of Rs 20 lakhs was incurred out of the plan funds. In addition to this, an amount of Rs 66.48 lakhs was also received from the Reserve Bank of India.

During the second plan period for the development of the co-operative movement in the state an allocation of Rs 125.40 lakhs was made. Against this the amount actually incurred was Rs 169.47 lakhs.5

Under the successive plans of Assam for the improvement of co-operation only an insignificant part of total plan outlay was used. Moreover from one plan to another both the absolute amount of outlay and relative outlay for co-operation showed extreme fluctuation. Between the Second plan and the Ad-hoc plans there was a progressive decline in the absolute amount of outlay for co-operation. However, there was a significant rise in this amount during the subsequent two plans i.e., during the fourth and fifth plan periods. The following table, 3.1(a) gives the actual plan outlay on co-operation from the First Plan to the Fifth Plan period.

TABLE - 3.1(a)

PLAN OUTLAY ON CO-OPERATION ASSAM
(1951-56 to 1974-79)
(₹. in lakhs)

<table>
<thead>
<tr>
<th>Plan</th>
<th>Total Plan Outlay</th>
<th>Outlay for Co-operation</th>
<th>% of (3) to (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan (1951-56)</td>
<td>2051</td>
<td>20.01</td>
<td>1.00</td>
</tr>
<tr>
<td>Second Plan (1956-61)</td>
<td>5448</td>
<td>169.47</td>
<td>3.11</td>
</tr>
<tr>
<td>Third Plan (1961-66)</td>
<td>13244</td>
<td>132.14</td>
<td>1.00</td>
</tr>
<tr>
<td>Ad-hoc Plans (1966-69)</td>
<td>8551</td>
<td>58.88</td>
<td>0.69</td>
</tr>
<tr>
<td>Fourth Plan (1969-74)</td>
<td>19839</td>
<td>434.53</td>
<td>2.2</td>
</tr>
<tr>
<td>Fifth Plan (1974-79)</td>
<td>55120</td>
<td>1020.00</td>
<td>1.8</td>
</tr>
<tr>
<td>All Plans</td>
<td>104253</td>
<td>1835.03</td>
<td>1.8</td>
</tr>
</tbody>
</table>

## TABLE - 3.1(b)

**PLAN OUTLAY ON CO-OPERATION ASSAM**  
(1980-85 to 1992-97)  
*(Amount in lakhs.)*

<table>
<thead>
<tr>
<th>Plan</th>
<th>Total</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Allocation</td>
<td>Expenditure</td>
<td></td>
</tr>
<tr>
<td>Sixth plan</td>
<td>2749</td>
<td>2581.94</td>
<td></td>
</tr>
<tr>
<td>(1980-85)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seventh Plan</td>
<td>3500</td>
<td>3432.82</td>
<td></td>
</tr>
<tr>
<td>(1985-90)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ad-hoc Plans</td>
<td>1025</td>
<td>881.46</td>
<td></td>
</tr>
<tr>
<td>1990-91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-92</td>
<td>1353</td>
<td>1316.19</td>
<td></td>
</tr>
<tr>
<td>Eight Plan (1992-97)</td>
<td>5118</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Registrar of Co-operative Societies
Major Achievements in the Co-operative Sector Under the Successive Plans:

First Plan

During the First Plan period, the main task that was put forward was the revitalising the co-operative movement in Assam which was almost in a stagnant and moribund position. In this period, although no new policy of reorganisation was adopted, a few important schemes were implemented which are as follows:

1. Foundation of a co-operative training institute in 1953 at Joysagar in Sibsagar district for the training of office bearers of co-operative societies and subordinate officers of the co-operative department.

2. Establishment of a Co-operative Cotton gining mill for processing raw cotton grown in Garo hills district.

3. Establishment of four godown for the storage of agricultural and cottage industries products.

4. A scheme of giving interest free loans to the members of the Co-operatives was adopted in order to encourage the co-operative enterprise in the backward areas.6

During the first plan period, the number of co-operative societies rose from 2929 to about 4202 and the number of members from 287 thousand to 325 thousand. The working capital of co-operative societies rose from 196 lakhs to Rs. 468 lakhs.\(^7\)

**Second Plan**

The second plan period was of a phenomenal progress in the co-operative movement in Assam with the thorough reorganisation of the co-operative structure of the state on the pattern of recommendations of the All-India Rural Credit Survey Committee (1954) by ensuring state participation at different levels of co-operative movement, promoting institutional credit, forming large-sized credit societies and the organisation of multi-purpose societies. In accordance with the recommendation of the National Development Council's Policy Resolution, November 1958, 3,361 service co-operatives were established for dispensation of credit, distribution of fertilisers, and establishment of effective link between credit and marketing and so on.\(^8\)

During the second plan period the total number of co-operative societies, was more than double than the number at the start of the plan i.e., it increased to 8894 in 1960-61.

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The total membership also increased to 511 thousand and the total working capital rose nearly four times to ₹ 1602 lakhs of which 232 lakhs was realised out of share capital during this period.  

Third Plan

As a result of wanton growth in the number of co-operative societies during the second plan period the quality and financial strength of the societies deteriorated. The Third Plan, therefore aimed at bringing down the number of the societies by liquidating the dormant societies and amalgamation of the weak and uneconomic units with strong and viable societies for the existence of strong and sound units. This revitalisation or consolidation policy adopted was on the recommendations of the committee on Co-operative Credit 1960. As a result of the scheme of revitalisation adopted by the co-operative societies, 213 agricultural and 58 non-agricultural societies were wound up. Another 607 agricultural and 35 non-agricultural societies and 5 central banks were also liquidated towards the end of the third plan period. Thus the number of primary agricultural credit societies came down from 5,225 in 1960-61 to 4,088 in 1965-66. However the number of membership increased to 593

thousand and also the working and share capital of the societies increased to Rs 2493 lakh and Rs 356 lakh respectively. 11

A programme of rationalisation of the co-operative movement in Assam was initiated, according to which service co-operatives were assigned a vital role in linking credit with marketing and production. In the latter part of the third plan in order to make rural credit production oriented crop loan system of credit was adopted. In addition to this, service co-operative operated in the area of a Gaon Sabha. 12

Ad-hoc Plans

In this period no new programme of co-operative development was undertaken only the programme started in the third plan were continued. Most important among such programmes was that of revitalisation, reducing the number of credit societies to 2570 by reorganising and liquidating uneconomic societies to viable societies. In the middle of 1967-68, according to the programme as many as 1,447 societies were liquidated. During this period, to increase the efficiency of co-operative societies, out of the reorganised societies 5 societies were selected per development block to serve as model societies for intensive

operation. These model societies were given financial assistance for 3 to 4 years. Such societies given government assistance in 1966-67 was 96 in number and in 1967-68 was 208 including 53 spill-over societies. ¹³

In 1968-69, at the end of three Ad-hoc plans total agricultural credit societies in Assam was 3,764 with 383 thousand members and working capital worth ₹ 64277 thousand advancing loans to the extent of ₹ 28,660 thousand.

Fourth Plan

In the Fourth Five Year Plan in Assam, stabilisation and consolidation of the co-operative credit structure were placed increased reliance. At the end of the Fourth Plan, in the year 1973-74, the total number of Co-operative in Assam increased to 7910 and the total membership recorded a significant increase of 799 thousand and total working capital also rose to ₹ 6928 lakhs. ¹⁴

Fifth Plan

The plan laid special emphasis on enlargement, consolidation and strengthening of co-operatives at all levels by the removal of structural and managerial inadequacies. As a result of the measures undertaken the co-operatives would be sufficiently equipped to support Agricultural Production Programmes and play an important role in the field of credit

by linking it with marketing, making vigorous drive to reduce overdues and strengthen the resources of the societies. At the end of the Fifth Year Plan i.e., at the end of March 1978, total number of co-operative societies increased to 8112 and number of membership also increased manifold to 2972 thousand and total working capital of the societies also reached a high level of Rs 16,357 lakhs in 1980-81.

At the end of the year 1985-86 the state of Assam had altogether 9,285 co-operative societies of various types which comprises both credit and non-credit societies as against 9,143 at the end of 1984-85. Total membership of these societies was 35 lakh during 1985-86 which is higher than the membership during 1984-85, which was 34.98. These societies working capital had a nominal rise over the years i.e., from Rs 225.82 crores in 1984-85 to Rs 225.90 crores in 1985-86.

The co-operative movement has been gradually strengthened in Assam during the last 42 years ever since the introduction of planning in 1951. The growth of co-operative societies in Assam over the past few years along with their membership, share capital and working capital can be known from the following table, 3.2.

15. Alam K., op. cit., p. 174
TABLE - 3.2

GROWTH OF CO-OPERATIVE SOCIETIES IN ASSAM
(ALL SOCIETIES) (From 1950-51 to 1987-88)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies</th>
<th>Membership (in thousand)</th>
<th>Working capital (in ₹ lakhs)</th>
<th>Share capital (in ₹ lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>2929*</td>
<td>287</td>
<td>196</td>
<td>47</td>
</tr>
<tr>
<td>1955-56</td>
<td>4202*</td>
<td>325</td>
<td>468</td>
<td>51</td>
</tr>
<tr>
<td>1960-61</td>
<td>8894*</td>
<td>511</td>
<td>1602</td>
<td>232</td>
</tr>
<tr>
<td>1965-66</td>
<td>7693*</td>
<td>593</td>
<td>2493</td>
<td>356</td>
</tr>
<tr>
<td>1970-71</td>
<td>6710</td>
<td>686</td>
<td>5818</td>
<td>673</td>
</tr>
<tr>
<td>1974-75</td>
<td>7886</td>
<td>1264</td>
<td>7814</td>
<td>-</td>
</tr>
<tr>
<td>1975-76</td>
<td>7868</td>
<td>1907</td>
<td>8171</td>
<td>945</td>
</tr>
<tr>
<td>1976-77</td>
<td>8181</td>
<td>2822</td>
<td>12374</td>
<td>1205</td>
</tr>
<tr>
<td>1978-79</td>
<td>7954</td>
<td>3302</td>
<td>11469</td>
<td>1531</td>
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<tr>
<td>1979-80</td>
<td>7520</td>
<td>3144</td>
<td>12610</td>
<td>1674</td>
</tr>
<tr>
<td>1980-81</td>
<td>7356</td>
<td>3140</td>
<td>16357</td>
<td>2832</td>
</tr>
<tr>
<td>1981-82</td>
<td>7231</td>
<td>3073</td>
<td>16997</td>
<td>2149</td>
</tr>
<tr>
<td>1982-83</td>
<td>7203</td>
<td>3027</td>
<td>19214</td>
<td>2353</td>
</tr>
<tr>
<td>1983-84</td>
<td>7102</td>
<td>2967</td>
<td>21830</td>
<td>2617</td>
</tr>
<tr>
<td>1984-85</td>
<td>9143</td>
<td>3498</td>
<td>22582</td>
<td>3288</td>
</tr>
<tr>
<td>1985-86</td>
<td>9285</td>
<td>3500</td>
<td>22590</td>
<td>3289</td>
</tr>
<tr>
<td>1986-87(P)</td>
<td>7300</td>
<td>3480</td>
<td>22408</td>
<td>3091</td>
</tr>
<tr>
<td>1987-88(P)</td>
<td>7384</td>
<td>3505</td>
<td>25215</td>
<td>3398</td>
</tr>
</tbody>
</table>

Note: * Includes Meghalaya and Mizoram
(P) Provisional

Figures: 1986-87 and 1987-88 are excluding weaving Co-operative Societies.

Source: Registrar of Co-operative Societies, Assam.
Structure of Co-operative in Assam

In order to have a better understanding of the Co-operative Movement in Assam it is necessary to study its structural pattern. The structure of co-operative movement in Assam can be analysed as follows:

Agricultural and Non-agricultural Societies

Co-operative institutions prevailing in Assam may broadly be divided into credit and non-credit societies. These societies are again divided into agricultural co-operatives or rural co-operatives and non-agricultural or urban co-operatives. Most of the co-operative societies in Assam are agricultural co-operative credit societies. These societies play a vital role in the rural economy of Assam by providing credit requirements of agricultural sector substantially at a cheaper rate of interest.¹⁸ There are more than 9,000 such credit societies in the rural areas of Assam. Besides these credit societies there are some non-credit societies in Assam like marketing societies, warehousing societies, etc. which render useful service in organising and improving the economic conditions of the rural people.

Agencies of Short-term and Long-term Credit

In Assam, both rural and urban co-operative societies are organised through the Central Co-operative Bank, Central Land Mortgage Bank and the State Co-operative Bank. Short-term credit is provided by the Central Co-operative Bank and the State Co-operative Bank and long-term credit facilities is provided by Central Land Mortgage Bank. Assam has 15 Central Co-operative Banks which provide credit to primary credit societies which in turn provide short-term loans and advances to its members.19 As in other states in Assam, the Assam Co-operative Apex Bank is at the top of the system. The District Central Co-operative Bank has been merged with the Co-operative Apex Bank of the State and works as its branches.20

There is close participation of the State Government at various levels of Co-operative movement. For instance, the State Government participates in the share capital of the Central Co-operative Bank. The State Co-operative Bank supervises and co-ordinates the activities of the Central Co-operative Banks and also provides these banks with loans and grants to carry on their credit operations. The most important co-operative bank of the state is The Assam Co-operative Apex Bank.21

1. The Assam Co-operative Apex Bank Limited: was registered on 7th December, 1948 under the Co-operative Societies Act with its Head Office at Shillong which was subsequently shifted to Guwahati after creation of Meghalaya State. It is a pioneer co-operative institution of Assam.\(^\text{22}\)

The object of the Bank is to finance the Co-operative Movement in the State, to carry on Banking Business in general and act as balancing centre for all co-operative institutions in the state.

The Assam Co-operative Apex Bank Limited has taken active part in accelerating the process of growth of the economy in the state. The bank has not only been able to spread the growth of vital co-operative throughout the state in the field of short and medium term finance, it has also been a balancing factor which has taken care to see the growth of Co-operative Movement in the State.

**Credit Structure:** The base level Co-operative Institution under-went changes from time to time. The re-organisation of Agriculture Credit societies took place in the year 1972-73. The old Service Co-operative societies whose area of operation were small comprising few villages with in-adequate number of members blocked with heavy overdues and as a result failed to avail the finances from the District Central Co-operative Banks to provide credit to

farmers. The State Government considered it prudent to organise and register a new set of Agricultural Credit Societies under the name and style "Goan Panchayat Level Samabay Samity" (GPSS) in the plain districts and "Large Area Multipurpose Co-operative society" (LAMPS) in the hill districts with multipurpose objectives. The old service co-operative societies were put under liquidation.

But unfortunately due to alarming situation of overdues and bad management, of the District Central Co-operative Banks, the State Government instead of revitalising the DCCBs merged them expect one with Apex Bank in 1979. Therefore, Assam is having Two Tier Credit Structure after elimination of DCCBs.

The Apex Bank being Central financing Agency met the financial assistance to farmers both short and medium term credit through GPSS and LAMPS under adoption of the bank. The short term credit is provided to the farmers through the societies for meeting current expenditure, that may be necessary for raising different crops, the medium term loan generally repayable within 3 to 7 years is provided for installation of pump sets, purchase of agricultural implements, plough cattle, milch cattle, pisciculture, bullock and bullock carts, horticulture and items under Integrated Rural Development Programme. The entire credit needs of the farmers are met out of its own resources/NABARD Refinance.
It is the endeavour of the Bank to meet the credit needs of the different category of societies. The Bank accordingly make available financial assistance to Handloom Societies, Thrift and Credit societies, Marketing and Processing societies, wholesale consumer co-operative societies, Housing Societies, Jute Mills, Sugar Mills, Spining Mills etc.

The Bank also resorted to financing to individuals directly for different activities like Transport Operation, Small Scale Industries, Cinema Houses, Hotel, Printing Press and other business etc. in shape of working capital and term loan in a restricted manner.

The Bank also sanctioned loans and advances to individual Tea Estates for growing and lifting of tea leaves in shape of working capital and block loan to develop the gardens in a restricted manner of which performance is satisfactory. The deposit of the bank is also increasing.\(^\text{23}\)

Thus the Co-operative Apex Bank grants loans and advanced for the purpose of seasonal agricultural credit as well as marketing of crops.\(^\text{24}\) The Bank plays a pivotal role in the channelising of credit for agricultural operations and development of rural economy besides financing whole-sale

\(^{23}\) Information collected from The Assam Co-operative Apex Bank Limited, Panbazar, Guwahati.

\(^{24}\) Dhar. P.K., op. cit., p. 93.
trade through co-operative channel. In case of necessity the bank can borrow money from the Reserve Bank of India. The Bank on 30th June 1988 had a total membership of 10,617 as against 7,670 on the same date in 1987, comprising of 6,024 individuals and 1,646 co-operative societies. The working capital of the Bank stood at ₹145.29 crores as on June 1988 as against ₹147.25 crores a year before. The volume of deposits with the Bank which was only ₹38.19 crores at the end of June 1980, increased substantially to ₹104.65 crores at the end of June, 1987 and then to ₹116.74 crores at the end of June, 1988. The total volume of loans and advances issued by the Bank during 1987-88 was also higher at ₹145.14 crores compared with ₹66.78 crores issued during 1986-87. Loans outstanding with the Bank as on 30th June, 1988, aggregated ₹70.27 crores while a year before the same stood at ₹58.47 crores. As regards loans overdue, there was a decline in its volume from ₹21.73 crores at the end of June, 1987, to ₹12.24 crores at the end of June, 1988. As a result, percentage of loans overdue to loans outstanding showed a fall from 37 per cent in the former year to about 17 per cent in the latter year.

2. Central Co-operative Bank (C.C.B.): Assam has at present only one Central Co-operative Bank functioning in the state, with a total membership of 3,717 comprising 545 co-operative societies and 3172 individuals at the end of June 1987. The working capital of the bank during 1986-87 was ₹ 6.86 crores, issued loans and advances to the tune of ₹ 4.06 crores as against ₹ 3.57 crores issued during 1985-86. Loans outstanding as on 30th June, 1987 amounted to ₹ 5.46 crores as against the outstanding amount of ₹ 4.54 crores a year before. In the sphere of mobilisation of deposits, the performance of the Bank during 1986-87 was satisfactory as the same increased from ₹ 3.87 crores in 1985-86 to ₹ 5.93 crores.28

3. Assam State Co-operative Agricultural and Rural Bank: The Assam Co-operative Central Land Mortgage Bank has been renamed as the Assam State Co-operative Agricultural and Rural Bank. It is authorised to grant long term credit facilities for development purposes, expansion of irrigation, conservation and reclamation of land thus providing loans and advances for permanent improvement of lands and agriculture. Besides these, Land Mortgage Bank also promotes marketing of crops, render assistance for the promotion of Small and

Cottage industries in different parts of the State specially in rural areas and in this way contributes enormously to the growth and development of the economy of Assam.

The Assam State Co-operative Agriculture and Rural Bank had a total membership of 29 during 1987-88. The working capital of the Bank amounted to Rs 13.67 crores during 1987-88 which a year before was Rs 12.47 crores. The volume of deposits with the Bank increased from Rs 1.40 crores in 1986-87 to Rs 1.61 crores in 1987-88. The Bank advanced long-term loans amounting to Rs 2.04 crores during 1987-88, which was much higher than the amount of Rs 0.46 crores advanced during 1986-87. During 1987-88, loans outstanding with the Bank was higher at Rs 9.11 crores compared with that of Rs 8.25 crores during 1986-87. Loans overdue was however, slightly lower at Rs 2.80 crores during 1987-88 as against Rs 2.84 crores a year before. Thus, the percentage of loans overdue to loans outstanding which worked out to be 34 per cent in 1986-87, came down to 31 per cent in 1987-88. The volume of borrowing by the Bank over the year also registered sharp increase, as it rose from a mere Rs 0.36 crores in 1982-83 to Rs 8.76 crores in 1986-87 and further to Rs 9.55 crores in 1987-88.

4. Primary Agricultural Credit Societies (PACS): A most disturbing feature observed in respect of primary agricultural credit societies in Assam is that a great
majority of these societies have been lying dormant and only a few including 701 Gaon Panchayat level Samabay Samities (GPSS) and 38 Large Size Multipurpose Co-operative Societies (LAMPS) are currently functioning in the state.

The PACS are concerned with the provision of necessary credit to the agriculturists and form the major portion of the total number of co-operative societies in Assam and other states.

In 1973, in the plains districts of Assam GPSS were organised for rendering package services including supply of agricultural credit, consumption credit, inputs, distribution of essential consumer articles, marketing of agricultural produce etc. During 1986-87, in Assam, there were 701 number of GPSS as against 698 during 1983-84 and 671 during 1980-81. The total membership of GPSS stood at 20.36 lakhs at the end of June 1987 as against 19.67 lakhs at the end of June 1986. Like GPSS in plain districts, 38 large size multi-purpose co-operative societies commonly known as LAMPS were functioning in the two hill districts of Assam during 1986-87. The total membership of these societies numbered 51 thousand during 1986-87 as against 29 thousand during 1985-86.

The volume of loans advanced by GPSS during 1986-87, was Rs 4.61 crores which was slightly higher than Rs 4.48 crores advanced during 1985-86. However, in case of LAMPS
the volume of loans advanced by it fell from Rs 11 lakhs in 1985-86 to Rs 3 lakhs in 1986-87. Nevertheless, sales turnover of both GPSS and LAMPS showed encouraging performance during both 1985-86 and 1986-87 respectively. This would be evident from data furnished at Table 3.3, which shows the performance and financial position of both GPSS and LAMPS during the period from 1976-77 to 1986-87.

Thus the spectrum of co-operative movement is wide and diverse. Over the years, co-operation has become an integral part of the socio-economic life, particularly of the weaker sections of the rural population, not only for the wide coverage it envisages but also for the lasting benefits it extends. One can truly say that, "Co-operation is economic democracy in operation". Today the Co-operative institutional net-work has emerged as one of the principal structural mechanism to achieve the objectives of economic growth with social justice, improved efficiency and productivity.

The Co-operative movement in Assam has made significant progress during the last two decades. Apart from increase of the membership, volume of business and flow of credit have also gone up. Participation of members in democratic management of the societies have also registered a healthy growth.

### TABLE - 3.3

**STATISTICS RELATING TO GPSS AND LAMPS IN ASSAM**  
(1976-77 to 1986-87)  
(R. in lakhs.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Societies</td>
<td>665</td>
<td>19</td>
<td>665</td>
<td>19</td>
<td>698</td>
<td>35</td>
<td>701</td>
<td>36</td>
<td>701</td>
<td>38</td>
</tr>
<tr>
<td>Membership</td>
<td>18.38</td>
<td>0.06</td>
<td>18.40</td>
<td>0.07</td>
<td>19.40</td>
<td>0.24</td>
<td>1967</td>
<td>29</td>
<td>2036</td>
<td>51</td>
</tr>
<tr>
<td>Share Capital</td>
<td>272.04</td>
<td>14.93</td>
<td>352.55</td>
<td>15.48</td>
<td>585.82</td>
<td>102.23</td>
<td>784</td>
<td>117</td>
<td>876</td>
<td>159</td>
</tr>
<tr>
<td>Working Capital</td>
<td>433.08</td>
<td>66.36</td>
<td>524.03</td>
<td>65.54</td>
<td>1837.93</td>
<td>327.27</td>
<td>3297</td>
<td>345</td>
<td>4470</td>
<td>398</td>
</tr>
<tr>
<td>Loans Advanced</td>
<td>148.80</td>
<td>0.27</td>
<td>142.80</td>
<td>0.36</td>
<td>225.50</td>
<td>11.36</td>
<td>448</td>
<td>11</td>
<td>462</td>
<td>3</td>
</tr>
<tr>
<td>Loans Outstanding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1797</td>
<td>33</td>
<td>2058</td>
<td>40</td>
</tr>
<tr>
<td>Sales Turnover</td>
<td>2180.05</td>
<td>61.49</td>
<td>2631.93</td>
<td>65.62</td>
<td>4695.54</td>
<td>127.17</td>
<td>6500</td>
<td>279</td>
<td>9511</td>
<td>368</td>
</tr>
</tbody>
</table>

**GPSS** : Gaon Panchayat Level Sanabay Samities  
**LAMPS** : Large Size Multipurpose Co-operative Societies  
**Source** : Registrar of Co-operative societies, Assam.
<table>
<thead>
<tr>
<th>S. No</th>
<th>Item</th>
<th>Unit</th>
<th>Co-operative Apex Bank</th>
<th>Co-operative Central Bank</th>
<th>Co-operative Land Mortgage Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Number of Bank</td>
<td>Number</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Membership</td>
<td>Number</td>
<td>7669</td>
<td>10617</td>
<td>3717</td>
</tr>
<tr>
<td>3.</td>
<td>Paid-up-Capital</td>
<td>Rs. in Lakhs</td>
<td>230</td>
<td>257</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>(a) Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Of which Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Borrowing Outstanding</td>
<td>&quot;</td>
<td>169</td>
<td>3297</td>
<td>34</td>
</tr>
<tr>
<td>5.</td>
<td>Deposits</td>
<td>&quot;</td>
<td>10465</td>
<td>11674</td>
<td>592</td>
</tr>
<tr>
<td>7.</td>
<td>Loan advanced during the year</td>
<td>&quot;</td>
<td>6678</td>
<td>14514</td>
<td>67</td>
</tr>
<tr>
<td>8.</td>
<td>Loan Outstanding</td>
<td>&quot;</td>
<td>5847</td>
<td>7027</td>
<td>545</td>
</tr>
<tr>
<td>9.</td>
<td>Loan Overdue</td>
<td>&quot;</td>
<td>2173</td>
<td>1224</td>
<td>327</td>
</tr>
</tbody>
</table>

N.R. : Not Reported

Source: Registrar of Co-operative societies, Assam
Table 3.4 gives an account of data relating to co-operative Banks in Assam.

Commercial Banks

The direct involvement of commercial banks in providing agricultural credit was insignificant prior to nationalisation. The strategy after nationalisation was to spread branches of commercial banks in rural and semi-urban areas, so that bank credit can be available easily to cultivators. The scheduled commercial banks including the Regional Rural Banks supply both direct and indirect finances to the agricultural sector. In fact, the commercial banks have played an increasingly important role in the distribution of credit to agriculture in recent years.

Branch Expansion in Assam

The growth of banking and institutional credit system in Assam has been tardy. A few years back the availability of banking facilities in Assam was quite inadequate. During the recent few years, Assam saw a considerable expansion in the net-work of scheduled commercial banks. Thus, it was only during the recent past that the position of Assam in this respect showed some improvement.

The first bank branch to open in the State of Assam was the Dibrugarh Branch of the State Bank of India which was opened in 1923. As on June 1969, Assam had only 74 offices of scheduled commercial banks. Thus there was one bank
office for every 188 thousand persons in Assam as against the national coverage of 65 thousand per bank office in the same year.

The Reserve Bank of India current branch licensing policy 1985-90 stipulated a norm of providing one bank office for every 20 thousand population as on December, 1987 while the national average stands at one bank office for every 13 thousand population as on the same date. Hence, if Assam is to attain the stipulated national target, more than 900 additional branches shall have to be opened by 1990. In the State, as per available information the number of bank branches of scheduled commercial banks (including regional rural banks) in June 1980, was a total of only 466, the number went upto 1094 in June 1989 and then to 1154 in March 1990. Thus, over the last ten year period, Assam saw an impressive 148 per cent growth in the number of bank branches as against 82 per cent growth witnessed at all India level during the same period.

As a result of such rapid expansion of bank branches, the average population covered per bank office in the state has gone down from 31 thousand at the end of June, 1980 to 17 thousand at the end of March, 1990. However, despite improvement of the position over the years Assam continued to

lag behind the All-India average which worked out to be one bank office for every 12 thousand population as at the end of March 1990.

During July 1989 and March 1990 altogether 60 new bank branches were opened in Assam as against opening of 63 new branches during the preceding year i.e., between July 1988 and June 1989. Table 3.5, shows the growth of bank offices in Assam as well as in India for the period from 1970 to 1991 alongwith average population served per bank office during the aforesaid period.

A good majority of the bank branches in the state are located in rural areas. For instance, of the total bank branches of 1154 in March 1990, as many as 826 branches or about 71 per cent of the total were located in rural areas of the state. As on the same date the number of bank branches located in urban and semi-urban areas were of the order of 112 and 216 respectively accounting for 10 per cent and 19 per cent respectively of the state total.32

Before nationalisation, the number of bank offices in the State of Assam was only 74. Today in Assam there are 1156 branches. The average population served per bank office which was around 1,89,000 in 1969 had come down to just over 17,000. 89 per cent of the branches are located in the rural and semi-urban areas.

### TABLE - 3.5

PROGRESS OF COMMERCIAL BANKING IN ASSAM AND INDIA  
(During 1970-1991)

<table>
<thead>
<tr>
<th>Year (As on June)</th>
<th>Number of Office</th>
<th>Population per Bank Office (in '000')</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assam</td>
<td>India</td>
</tr>
<tr>
<td>1970</td>
<td>95</td>
<td>10131</td>
</tr>
<tr>
<td>1975</td>
<td>214</td>
<td>18730</td>
</tr>
<tr>
<td>1977</td>
<td>354</td>
<td>24802</td>
</tr>
<tr>
<td>1980</td>
<td>466</td>
<td>32419</td>
</tr>
<tr>
<td>1981</td>
<td>507</td>
<td>35707</td>
</tr>
<tr>
<td>1982</td>
<td>562</td>
<td>39180</td>
</tr>
<tr>
<td>1983</td>
<td>653</td>
<td>42079</td>
</tr>
<tr>
<td>1984</td>
<td>723</td>
<td>45332</td>
</tr>
<tr>
<td>1985</td>
<td>852</td>
<td>51385</td>
</tr>
<tr>
<td>1986</td>
<td>975</td>
<td>53265</td>
</tr>
<tr>
<td>1987</td>
<td>987</td>
<td>53840</td>
</tr>
<tr>
<td>1988</td>
<td>1031</td>
<td>55414</td>
</tr>
<tr>
<td>1989</td>
<td>1094</td>
<td>57698</td>
</tr>
<tr>
<td>1990 (As on March)</td>
<td>1154</td>
<td>58901</td>
</tr>
<tr>
<td>1991 (As on March)</td>
<td>1206</td>
<td>-</td>
</tr>
</tbody>
</table>

**Note:** The average population per bank office is based on 1971 census for the years 1975 and 1980 and on 1981 census for the years from 1985 to 1990.

**Source:**
2. Economic Survey, 1982-83, p. 57
3. Banking Statistics (Quarterly Handout of the Reserve Bank of India)
4. Various publications of the Reserve Bank of India.
TABLE - 3.6

STATEMENT SHOWING PROGRESS OF BANKING IN ASSAM
SINCE NATIONALISATION OF BANKS
(During 1969 and 1989)

ALL SCHEDULED COMMERCIAL BANKS

(₹. in lacs)

<table>
<thead>
<tr>
<th>S.L.</th>
<th>Particulars</th>
<th>No.</th>
<th>1969</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Network of Branches:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Rural</td>
<td>20</td>
<td>787</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Semi-urban</td>
<td>38</td>
<td>239</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Urban</td>
<td>16</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total No. of branches:</td>
<td>74</td>
<td>1144</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Deposits:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Rural</td>
<td>469</td>
<td>36844</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Semi-urban</td>
<td>540</td>
<td>61981</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Urban</td>
<td>2420</td>
<td>81151</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3429</td>
<td>179976</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Advances:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) Rural</td>
<td>230</td>
<td>27076</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(ii) Semi-urban</td>
<td>226</td>
<td>27200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(iii) Urban</td>
<td>945</td>
<td>48824</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1401</td>
<td>103100</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Advances to Priority Sectors</td>
<td>392</td>
<td>53988</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% of Total Advances</td>
<td>27.98</td>
<td>52.36</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Direct Agricultural Advances</td>
<td>0.41</td>
<td>250.62</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% to Total Advances</td>
<td>2.92</td>
<td>24.30</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No. of Units</td>
<td>349</td>
<td>52945</td>
<td></td>
</tr>
</tbody>
</table>
6. **DIR Advances:**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>779</td>
</tr>
<tr>
<td>% to Total Advances</td>
<td></td>
<td>1.10</td>
</tr>
</tbody>
</table>

7. **C.D. Ratio:**

<table>
<thead>
<tr>
<th>Level</th>
<th>Rural</th>
<th>Semi-urban</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD Ratio</td>
<td>49.04</td>
<td>41.85</td>
<td>39.04</td>
</tr>
<tr>
<td></td>
<td>73.48</td>
<td>43.88</td>
<td>60.16</td>
</tr>
</tbody>
</table>

| Total    | 40.85  | 57.28     |

8. **Lead Bank Scheme:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>9147</td>
</tr>
<tr>
<td>Achievement</td>
<td>12360</td>
</tr>
<tr>
<td>% achievement</td>
<td>135.12</td>
</tr>
</tbody>
</table>

Source: Banking Development Awareness Programme in Assam Organised by the State Bank of India. 19th July 1989.
The aggregate deposits of commercial banks have increased from 3429 lacs in 1969 to 179976 lacs in 1989 (a growth of 52 times), by tapping peoples' savings lying idle even in the remote corners of the state. Apart from using these funds for the development of the State, the banks are ensuring the safety of the funds. Advances have increased from 1401 lacs to 103100 lacs during the same period (a growth of 74 times). Achievements of targets set for priority sector advances and those for weaker sections of the society can be reckoned as good indicators of progress.\(^{33}\) Data in Table 3.6, showing the performance of the banks before nationalisation and over the subsequent 20 years i.e., at the end of March 1989 would stand adequate testimony to the benefits derived from bank nationalisation.

Regional Rural Banks (R.R.Bs.)

Regional Rural Banks is a new agency created for the purpose of filling up the gaps in rural credit structure. These banks are opened up in those rural areas where the availability of institutional credit is inadequate but potentialities of agricultural development are substantial. R.R.Bs have been set up by the joint efforts of the Centre and State governments and commercial banks. The main object of R.R.Bs is to provide credit to the weaker sections - small

\(^{33}\) Information from Literature on Banking Development Awareness Programme in Assam. Organised by the State Bank of India, 19th July 1989.
and marginal farmers, landless labourers, artisans and small entrepreneurs.  

After nationalisation in 1969, the nationalised commercial banks have also started extending their branches to the countryside so as to serve the agriculture sector of the state. The first R.R.B in Assam came up in 1976.  

There are five number of Regional Rural Banks operating in the State which had a total of 382 branches in the State at the end of December, 1989 as against 352 branches in December, 1988 and 332 branches in December, 1987.

The volume of aggregate deposits with these banks rose from ₹ 55.91 crores in December, 1987 to ₹ 74.46 crores in December, 1988 and then to ₹ 96.12 crores in December, 1989. The rate of rise in December, 1989 being 29.1 per cent over December, 1988 and about 71.9 per cent over December, 1987. Like-wise, the gross bank credit by these banks also went up to ₹ 78.56 crores in December, 1989 from ₹ 63.73 crores in December, 1988. It was ₹ 47.07 crores in December, 1987. In terms of percentage, bank credit registered 23.2 per cent growth in December, 1989 over December, 1988 as against 35.4 per cent growth recorded

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in December, 1988 over December, 1987. Table 3.7, shows the number of offices, deposits and credit of Regional Rural Banks in Assam over the period March 1988 to March 1991.

TABLE - 3.7

NUMBER OF OFFICES, DEPOSITS AND CREDIT OF REGIONAL RURAL BANKS IN ASSAM (During 1988 to 1981)

(Amount in lakhs of ₹.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Office</th>
<th>Deposits</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988 (March)</td>
<td>344</td>
<td>5554</td>
<td>5027</td>
</tr>
<tr>
<td>1989(September)</td>
<td>356</td>
<td>8596</td>
<td>7832</td>
</tr>
<tr>
<td>1990 (June)</td>
<td>394</td>
<td>96,57</td>
<td>95,70</td>
</tr>
<tr>
<td>1991 (March)</td>
<td>401</td>
<td>111,75</td>
<td>3.04</td>
</tr>
</tbody>
</table>


Assessment of Credit Requirements for Agriculture

Agriculture occupies the most dominant position in the economy of Assam. It has a pivotal role and affects all aspects of economic life of the people. The economy of Assam cannot attain any appreciable improvement unless there is

improvement in agriculture. Nearly 90 per cent of the State's population live in rural areas and according to 1971 census report, nearly 77 per cent of the State's working force are engaged in agriculture and allied activities. The share of agriculture in the State Domestic Product of Assam is around forty per cent. In view of such a crucial importance of this sector in the State economy, agricultural programmes have always been assigned high priority in each successive five year plans. However, despite such efforts agriculture in the State has made little headway towards development due to continued existence of various impediments. Nevertheless, due to the strategies adopted by the State Government for attaining self-sufficiency in food-grains, of late, a positive indication in the development of this sector is discernible from growing awareness on the part of the State's cultivators for use of improved seeds and manures.

In Assam, agriculture is solely dependent on the vagaries of mansoons, which sometimes creates havoc on the agricultural production of the state. Thus irrigation facilities are required to be created on a massive scale to reduce the dependence of this large sector on nature. Assam has not been able to make much headway in irrigation. A further probe into this situation indicates that the yield rate of various crops in the State is not satisfactory as cultivation is still carried on with traditional techniques.
Modern inputs like fertilisers, H.Y.V. seeds, irrigation and pesticides etc. are yet to be extensively used. Further, the yield rates in the state fluctuates widely due to natural factors like floods, drought, and erosion of soil etc.

Modernisation of agriculture which is indispensable for achieving increased agricultural production, is still at a very low ebb in Assam. In such a situation it is expected that if necessary inputs alongwith irrigation facilities could be provided to cultivators, agriculture can be a business proportion. It is well known, that majority of cultivators have low or little savings due to low productivity of agriculture. Again, cultivators earn their income during a limited period of the year, their various expenses are distributed throughout the year. In such a situation, although cultivators keep some part of their income for consumption, yet they depend on external borrowing or credit to meet both increased current and capital expenses. In the changing situation of increased and varying farm inputs and expenses, the assessment of credit requirements for agriculture assumes greater importance. In the light of such an assessment, the adequacy of the supply of institutional credit is to be examined. Hence, the present chapter is devoted to the assessment of credit-requirements for agriculture.
Components of Farm Credit

Before the assessment of credit is made, it is worth mentioning the various components of farm credit. Credit needs of the farmers can be examined from two different aspects (1) on the basis of time, and (2) on the basis of purpose.

On the basis of time

Agricultural credit needs of farmers on the basis of time can be classified into three categories, short-term, medium term, and long term.

Short-term Loans: are required for the purchase of seeds, fertilizers, pesticides, payment of wages to hired labour, rent, irrigation charges, taxes, maintenance cost of agricultural machinery and implements and other miscellaneous expenses. Funds needed by farmers for a period of less than 15 months fall in this category. Since such expenses are variable in nature and are associated with the production process of only one crop or a set of crops, the credit required for meeting such expenses is called short-term or production credit. With expansion of irrigation if intensive cultivation is introduced and more than one crop is cultivated, more of these variable inputs are required and the magnitude of credit-requirements increases. Thus, there is difference between production credit-requirements under irrigated and unirrigated conditions. In other words,
production credit requirements are functionally correlated to the net area under irrigation. Loans obtained for short period are usually repaid immediately after the harvests. As a matter of fact, loans are obtained against the mortgage of prospective crops.

Medium-term loans are generally obtained for the purchase of cattle, small agricultural implements, repair and construction of wells, construction and repair of cattle-sheds and farm houses, bunding and other land improvements. The period of such loans extends from 15 months to 5 years.

Long term loans are required for making permanent improvements on land, purchase of additional land, digging tubewells, purchase of large agricultural implements and machinery like tractors, harvesters etc. and repayment of old debts. The period of such loans extends beyond 5 years.

The distinction between medium and long-term credit is not on the basis of gestation period of investment but on the accounting period adopted by the financial institutions. As per the modern classification, both these types of credit are known as investment credit or term credit. Requirements of such investment credit are obviously correlated to the general state of development and modernisation of agriculture. However, though production credit differs from investment credit, yet both are complementary in nature.
On the Basis of Purpose

Agricultural credit needs of the farmers can be classified on the basis of purpose into the following categories—productive needs, consumption needs and unproductive needs. Under productive needs can be included all credit requirements which directly affect agricultural productivity. Farmers need loans for the purchase of seeds, fertilisers, manures, agricultural implements, livestock, digging, repair of wells, and tubewells, payment of wages, for making permanent improvements on land, marketing of agricultural produce, etc. Repayment of these loans is generally not difficult because the very process of production generally creates the means for repayment. Loans for productive purposes, enables the farmers to improve agricultural operations and thereby raises their income from agriculture.

Consumption Needs

Farmers often require loans for consumption as well. Between the moment of marketing of agricultural produce and harvesting of the next crop, there is a long interval of time and most of the farmers do not have sufficient income to sustain them through this period. Therefore, farmers have to take loans for meeting their consumption needs. In the times of drought or floods, when crops are considerably damaged and farmers who otherwise avoid taking loans for consumption,
have also to incur such loans. Institutional credit agencies do not provide loans for consumption purposes. Accordingly, farmers are forced to fall back upon moneylenders and mahajans to meet such requirements.

In addition to consumption, farmers also require loans for a multiplicity of other unproductive purposes such as litigation, performance of marriage, social ceremonies on the birth or death of a family member, religious functions, festivals etc. Since institutional agencies do not grant credit for such unproductive purposes, farmers have to seek assistance from moneylenders and mahajans. It is often very difficult to repay such loans because they do not contribute to the productivity of farmers.

Definition of Credit - Requirements and Problems of Assessment

The assessment of credit-requirements is a difficult task. The problems faced in assessment may be defined in two stages, firstly, there is the problem of defining the concept of credit - requirements and secondly, that of actually assessing such requirements of various types of cultivators in different situations from available data. According to one definition, credit-requirements may connote no more than the requirements of borrowers which were met

37. Report of the All-India Rural Credit Review Committee, op. cit., p. 68.
through the operations of the credit system and which were reflected in the record of the business of cultivators.\(^{39}\) This definition, as it refers to only that amount of credit as is actually available to cultivators in the existing system, may be called as the 'effective demand for credit', which is different from 'the potential demand for credit'. The term 'potential demand for credit' or the 'potential credit requirements' has a wider connotation than the former. In this case, the term may be interpreted as meaning the requirements felt by cultivators during the year which the credit system was, however, not able to satisfy because of some reason or another.\(^{40}\)

Credit-requirements again either in a narrow sense or in the wider sense, are related to various other components related to farm inputs and their use and application in farm operations and to various terms and conditions on which credit is supplied by the lending institutions. But to collect reliable data on all the above aspects is very difficult since farmers do not usually maintain a record of their expenses and whatever amount is given on credit basis by the agencies is not spent for the purpose for which it is advanced. Hence a correct assessment of credit-requirements becomes a difficult task either

\(^{39}\) Ibid. (38)

\(^{40}\) Ibid. (38)
in the existing system or in the system reorganised. Yet attempts have been made both at macro and micro levels to assess the broad magnitude of credit-requirements in order to formulate policies and procedures to be followed by credit institutions to supply credit adequately.

Review of Literature on Assessment of Production Credit Requirements

A brief review of production credit-requirements is made here. Such review on assessment of investment credit requirements have been made at a later stage of this chapter. The purpose of such reviews is to find out the various methods and approaches adopted in different studies. This would be helpful in finding suitable methods for the assessment of credit-requirements for agriculture in Kamrup.

A brief review of the growing literature on rural credit in India reveals that prior to the publication of the All-India Rural Credit Survey Report (1954), the crushing weight of 'debt burden' was mostly discussed. With the advent of planning, the debt burden was visibly yielded place to 'credit-requirements' and this shift in the conceptual frame work is very relevant as the present-day focus is on the 'credit-needs' which is an increasing function of agricultural development.

41. Ibid (38), pp. 954-955.
As regards the approach and methodology used for assessment and sometimes for projections of credit-requirements, mainly two approaches, viz., 'borrowing approach' and 'expenditure approach' have been adopted. In the last three decennial surveys conducted by the Reserve Bank of India, the term 'credit requirements' has been defined in the narrow sense and the borrowing approach has been adopted in the assessments. As per these estimates, the total borrowings of cultivating house-holds in India were placed at Rs 750 crores for 1951-52, Rs 1034 crores for 1961-62 and Rs 1155 crores for 1971-72.

The merit with such assessments is that these are made for the country, States and recently even for regions, that the trend in the changing magnitudes of credit requirements can be observed for different purposes. But the borrowing method is not to be considered as a scientific and dependable basis for estimating future requirements of agricultural credit. Firstly, in rural India, debt is considered a social stigma leading to concealment of facts.

44. All-India Debt and Investment Survey 1971-72 Statistical Tables Relating to Cash Borrowings and Repayments of Rural Households During July 1971 to June 1972 and Cash Dues Outstandings, 30th June 1972, op. cit., p. 10.
45. All-India Rural Credit Survey; The Survey Report, op. cit., p. 1045.
46. Report of the All-India Rural Credit Review Committee, op. cit., p. 105, Table 3.
Secondly, in the absence of proper records and accounts it is difficult to assess credit requirements in an economy, where private moneylenders still dominate the rural credit scene. In addition to these, actual borrowings may not necessarily indicate the actual credit requirements for the optimal level of farm output. These difficulties prompt one to examine the details of current farm expenses or cost of production of different crops in different situations of different size-groups of cultivators.

There has been a shift towards 'the expenditure approach' or 'cost of production approach' with the adoption of the New agricultural strategy in India. A.C. Shah's study probably was the first research to give a projection of the demand for agricultural credit at the end of the Third Plan. He has used a simple method of explanation of the relationship between the output the borrowings. It appears from the spate of the literature on the subject that assessment of credit requirements has become a much-discussed topic in each work related to agricultural finance in India since the midsixties.

The Working Group set up by the Agricultural Production Board (1965), the Panel of Economists headed by Dantwala (1966), the Fertilizer Committee (1968), the Study

47. Choubey, B.N., op. cit., p. 38.
Group under the Chairmanship of Gadgil (1969), the Sub Group on Agricultural Credit of the Working Group on Co-operation for the Fifth Plan (1974) and more recently the National Commission on Agriculture (1976), having mainly adopted the 'cost of production' method in their assessments/projections of production credit - requirements for different times in India. However, a close examination of all these macro estimates shows that these have been made on the basis of different assumptions, with differences in the components of farm expenses. For example, the Working Group (1965) had anticipated total cash requirements for 1970-71 for various current farm inputs both under traditional and improved methods of cultivation of the major crops in the country. The aggregate production credit requirements have been projected at ₹ 1106 crores assuming 40 per cent and in some cases 70 per cent of the total cash requirements for different inputs to be financed through credit.  

However, the methodology and assumptions were changed when the above estimates was revised by the Panel Economists. In such revision, the panel adopted two approaches. Under the first, credit-requirements were assumed to bear a certain relationship to the value of agricultural produce. Accordingly, the Panel applied the

49. Report of the All-India Rural Credit Review Committee, op. cit., pp. 81-82.
ratio of borrowings to the value of net agricultural produce in 1976-77 and 1970-71 at 1965-66 prices. Under the second method, per acre borrowings were multiplied by the estimated net acreage under cultivation in 1966-67 and 1970-71 and the estimates so obtained were then inflated by 25 per cent to allow for the increase in price level between 1961-62 and 1966-67. Under each of these methods, again, two sets of estimates were made: In one, the entire borrowings for household expenditure were taken into account in addition to the borrowings for current farm expenditure and non-farm business and in the other, only 75 per cent of the borrowings for the household expenditure were taken into account in addition to farm and non-farm business. Accordingly, the Economists' Panel presented, four estimates in regard to production credit-requirements of agriculturists in India during 1970-71.50

Although the Working Group's estimate and the Panel's estimate were made for the same year, i.e., 1970-71, yet these are not comparable because they are based on different approaches, separate sets of data and assumptions.

With some modifications in the method of the panel, the study group estimated production credit requirements at Rs 1200 crores for the year 1967-68. Such estimates have been

50. Report of the All-India Rural Credit Review Committee, op. cit., pp. 82-83

The Review Committee (1969), taking into account the technological change in agriculture and the psychological change in the attitude of agriculturists towards the adoption of the new technology, made an attempt to project production credit requirements at the end of the revised Fourth Plan period, i.e. 1973-74. The projection is based on the Planning Commission's estimated area under cultivation, categorised as H.V.P., and non-H.V.P. irrigated and unirrigated areas. Having regard to the broad cropping pattern likely to be adopted in the above said categories of area and total quantum of estimated requirements of fertilizers, seeds, pesticides, in respect of each category, the Committee worked out area-wise total credit-requirements both in terms of kind and cash components. First of all, the total outlay of these three principal inputs likely to be applied in three different areas have been estimated on the basis of various assumptions. Then assuming that some proportion of this outlay would be met out of borrowings, for example, in case of fertilizer 60 per cent in High-yielding Varieties

51. Organisational Framework for the Implementation of Social Objectives, Report the Study Group of the National Credit Council, op. cit., p.34
Programme (H.V.P.) areas, 50 per cent in non-H.V.P., irrigated areas and 80 per cent in unirrigated areas, the total credit-requirements for kind component has been placed at ₹ 827 crores. In working out the quantum of credit to be given in cash, one-third of each category of areas has been excluded on the assumption that cultivators with holdings of more than 20 acres may not need any credit for cash expenses. For the rest of the area, the cash has been placed at ₹ 100 per acre of paddy and wheat and requirement ₹ 80 per acre of other cereals in H.V.P. areas. In non H.V.P. irrigated areas, such expenditure has been placed at ₹ 60 per acre for sugar-cane and at ₹ 45 per acre of other crops. In unirrigated areas, credit-requirement in cash has been fixed at ₹ 30 per acre uniformly for all crops. Thus the credit-requirement on cash has been estimated at ₹ 1173 crores and adding the credit-requirement for kind components to this, the Committee projected total credit-requirements of ₹ 2000 crores for three categories of areas at the year ending 1973-74. Thus compared to earlier estimates of credit-requirements, the Review Committee has made an improvement in its estimate by projecting credit-requirements area-wise, and crop-wise but such requirements in respect of different size-groups of cultivators have, however, not been made.

52. Report of the All-India Rural Credit Review Committee, op. cit., pp. 84-85.
The Sub-group on Agricultural Credit of the Working Group on Co-operation for the Fifth Plan estimated production credit-requirements at about ₹.3000 crores for 1978-79 in India. While indicating the guidelines to determine credit-potential for an area, the Group, however, suggested that an average of ₹ 125 per hectare of dry land and ₹ 250 per hectare of irrigated land, may be taken as the standard norms for working out the details. Applying these two norms, credit-requirements of some states have also been worked out in many studies. In some cases the norms have been used also for the block-wise assessment of production credit-requirements. However, in this context, it may pertinently be asked if such uniform norms can give the proper estimate of credit-requirements when there are different cropping patterns and different levels of application of inputs. The answer thereof is that credit requirements are always made approximately and in the absence of available data, such estimates give some sort of broad guidelines for area-wise credit plans. Even if these estimates are used for the purpose of analysis, credit-requirements of different size-group of cultivators may not be made, applying these uniform norms. Hence a detailed exercise is needed to know this and


54. For example, see Ibid., pp. 49-50.
the method of assessment should be more disaggregative and informative.

However, the National Commission on Agriculture's (NCA) projection of production credit-requirements under full programme coverage for the year 1985 is an improvement in this direction. The projections have been made both area-wise, viz., irrigated and unirrigated and farmer-wise, viz., small and marginal farmers as a group and medium and large farmers as a separate group. On the basis of two norms, viz., ₹ 600 per hectare of irrigated land and ₹ 450 per hectare of unirrigated land, the estimated production credit-requirements have been worked out at ₹ 7230 crores for the year 1985. Since it may not be feasible to raise financial resources of this magnitude by the financial institutions, a graduated financial programme has been worked out and the amount comes to ₹ 3760 crores. Out of this, while in irrigated areas the amounts are ₹ 552 crores for small and marginal farmers and ₹ 1548 crores for medium and large farmers, in unirrigated areas the corresponding amounts are ₹ 475 crores and ₹ 1185 crores respectively for the two size-groups. On the assumption that 45 per cent of such credit requirements would be met at the end of the Fifth Plan (1979), the amount of the projected production

55. Government of India, Ministry of Agriculture and Irrigation, Report of the National Commission on Agriculture. Part XII, supporting services and Incentives, New Delhi, 1976, p.103. Appendix 55.9, Statement IV.

56. Ibid., p. 107, Appendix 55.9, Statement V.
credit-requirements has been broadly fixed at ₹ 1800 crores. Thus this projection appears to be more disaggregative and informative as compared to earlier estimates at macro levels.

On the lines of this broad assessment of the production credit requirements made by expert bodies, some scholars and researchers have also attempted in this direction. P.C. Bansil's projection of such credit-requirements for the whole of India for the year 1973-74 may be mentioned here. He had projected ₹ 987 crores as total credit-needs for agriculture on the assumption that 50 per cent of the value of the three major inputs for farm business would be met through borrowings and the estimated credit-needs for miscellaneous purposes during 1973-74 would be ₹ 274 crores. Some have also attempted to estimate credit-requirements at the regional levels. Pal's assessment for West Bengal for 1971-72, on the basis of data published in the Annual Farm Management Studies and the relationship between borrowings and current farm expenses as available in the All-India Debt and Investment Survey, 1961-62, deserves mention here.

57. Ibid., p. 108, Appendix 55.9, Statement VI.


Apart from these, the Central Co-operative Banks also prepare credit limits for different crops in their respective areas following the guidelines issued by the Reserve Bank of India on Crop Loan System. Many empirical studies, however, show that Central Co-operative Banks do not follow the guidelines and simply use an aggregate yardstick for measuring such credit needs. This was also observed by many commercial banks at the time of preparation of their Credit Plans of their lead districts.\textsuperscript{60} Although commercial banks have percolated to the district level, their estimates are aggregative even without any cost calculation of different crops and different types of cultivators of the concerned districts. Further, the methodology adopted by one bank differs from that of another bank. For example, while the State Bank of India has estimated production credit-requirements for a district by multiplying the per acre amount of credit needs fixed by the Gadgil Committee (1969) with the total gross cropped area of the concerned district,\textsuperscript{61} the United Commercial Banks' estimate is based on the average credit-requirements of selected blocks of the districts, assessed not on the basis of a deep study of the block but simply on the farmer's verbal statements.\textsuperscript{62}

\textsuperscript{60} For example see, State Bank of India, Survey Report on Sambalpur District, Orissa, Bhubaneswar, 1971, p. 127.

\textsuperscript{61} Ibid., pp. 125-127.

\textsuperscript{62} United Commercial Bank's Credit Plan for Dhenkanal District (Orissa), (Mimeo), Calcutta, 1978, p. 86
However, in some of the recently prepared district credit plans (1980-82) of the Lead Banks, the same aggregative approach has been made in their estimates of crop loan requirements, the major component of the production credit-requirements. Here three methods were adopted and these are (1) The Reserve Bank of India Method. (2) The National Commission on Agriculture Method and (3) The Working Group Method. The last two methods have already been mentioned earlier. Hence the Reserve Bank of India method deserves a brief note here. In its new guidelines for estimating crop loan requirements, The Reserve Bank of India has adopted two approaches which are as follows.

Approach I

The first approach seeks to estimate total investment required to meet the cost of cultivation by applying the existing norms of finance to the cropping pattern for the district under both irrigated and unirrigated conditions. It is assumed that all the farmers may not need institutional credit support to meet the cost of cultivation as they have their own resources to meet their respective requirements. As per this method, 50 per cent of the total investment can be taken as the crop loan requirement for the district under consideration.

Approach II

An alternative method suggested by the Reserve Bank of India envisages the apportioning of the total investment among the different classes of farmers, viz., small and marginal, medium and big in the same ratio as these classes are to the farmer's population. The provision for the crop loan in this case is 100 per cent of the cost cultivation for small and marginal farmers, 50 per cent for medium and 25 per cent for the big farmers. Applying the norms these total requirements under crop loan may be worked out. Thus both the approaches of the Reserve Bank of India are based on 'cost of production' basis and while the first approach indicates the total credit-requirements on crop-wise and also on area-wise basis, the second one estimates farmer's credit-requirements, group-wise in a particular area.

A comparison of the estimated requirements by the application of the above three methods reveals that the National Commission on Agriculture and Working Group Method of estimation come fairly close to one another, as against the Reserve Bank of India method which is unusually high.

It is inferred that the recently formulated method of the National Commission on Agriculture appears to be a modest one. It is neither conservative as the Working Group estimation nor too ambitious as the Reserve Bank of India method. Further, though Lead Banks have merely estimated the
total credit requirements of the district, the National Commission on Agriculture's graduation system of estimation has not been worked out to make the estimates more realistic taking the different size-groups of farmers into consideration. It is probably due to the reason that the Lead Banks were interested in sectoral assessment of credit-requirements which is why they have not advanced further. In view of this realistic approach the aggregative method of assessment, in various organisational and independent studies, the Commission's method of assessment are being followed at present.

One general criticism against all macro level exercises on credit-requirements is that such estimates cannot give proper guidance to the institutional executives as the demand for credit is a derived demand for the use of different inputs with variations in their applications on crop-wise, area-wise and farmer-wise basis. Hence macro analysis based on certain pre-determined or conventional norms of credit-requirements will be of little use. This


leads to the inference that the proper way of assessment of credit requirements would be as disaggregative in nature as possible, in order to make them more realistic and comprehensive.67

Owing to the above limitations of macro level assessments, attempts have been made specially after the midsixties for the micro level assessments of production credit requirements. Among noted works in this field, B.M. Desai and D.K. Desai's68 pioneering work on Baroda district of Gujarat for the year 1969, may be mentioned. For the study the total sample size was one district, four talukas, eight villages and forthyeight farmers. By adopting the linear programming technique, assessment of only production credit requirements was made in four different situation, in two different regions. The study indicates that in both the sample regions the demand for additional credit was very limited both in terms of the number of farmers having such demand and also in terms of the magnitude of such demand. In the more developed region (MDR), only 2 farmers had demand for additional credit in all the three conditions, i.e. programme for existing technology (ET), programmed for new technology (NT) and programmed for new technology with expanded irrigation resources (NTE) conditions; four farmers

had such demand in the NT and NTE conditions and eight farmers had such demand in the NTE conditions only. In the less developed region (LDR), no farmer had additional demand for credit in the ET conditions, three farmers had this demand in both the NT and NTE conditions and nine farmers had this demand in the NTE conditions only. So far as the magnitude of such demand is concerned, in any of the conditions, it was ₹ 190 per acre. On the basis of these findings the study states that the scope for expansion in the supply of credit was rather limited in the sample areas. Thus, the study has focussed new light on the method of estimation of production credit-requirements in different situations and under different conditions.

The same disaggregative approach is also found in the National Council of applied Economic Research Centre's work on agricultural credit requirements for the country as a whole (1970-71). Though the approach is similar to that of the earlier study, difference in the two studies lie with the methods of assessment and definition of credit-requeriments. In the study by B.M. Desai and D.K. Desai, the sophisticated linear programming technique is being adopted while in the Research Centre's work, the assessment has been made on the average basis as in case of Reserve Bank of India studies. Secondly, 'credit requirements' in the former study have been defined in the optimal sense, whereas, in
the latter they have been defined in the actual sense without any normative connotation. Here sample cultivating households have been classified on different bases, viz., (1) producing HYV and producing traditional varieties, (2) in irrigated conditions and non-irrigated conditions and lastly, on (3) different size groups of ownership of holdings. The major findings of the study are (1) while the average annual credit-requirements per family in HYV farm is ₹ 759, in non-HYV farm the corresponding amount is ₹ 254, (2) such credit requirement is directly related to the farm size, (3) on a per hectare basis of credit requirement, it is seen that the large farmers of both HYV and non-HYV categories in general required relatively smaller amounts (in HYV ₹ 180 and in non-HYV ₹ 52) and the small farmer required considerably larger amount (in HYV ₹ 346, and in non-HYV ₹ 183) and the relative quantum of credit-requirements per hectare of the middle two size categories were about the same in general, (4) credit required per hectare by all HYV - households (₹ 208) was a little less than double the corresponding amount (₹ 114) in case of all non-HYV households. Likewise, while average per hectare credit requirements of all households cultivating


70. Ibid., p. 8.
irrigated land was ₹ 200, the corresponding amount was only ₹ 82 in case of households cultivating unirrigated land.\textsuperscript{71}

Thus, the difference in credit requirements between (1) HYV and non-HYV, and (2) irrigated and unirrigated households is discernible in the case of all size-categories of farms. On the basis of such averages the total credit-requirements of all cultivating households of the country for the year 1970-71 has been assessed and the estimated amount is ₹ 16,232 million.\textsuperscript{72} However, the non-adoption of the linear programming technique is not a deficiency of this study; because of the large size of sample households (3309). Moreover, if the definition adopted in the study for the assessment of credit requirements had been made at an optimal level it would have been a more meaningful contribution to the growing literature on rural credit of India. Yet the worth of the study lies in the fact that from the micro level assessment, it has gone to macro level assessment and moreover, such a nation-wide estimate has been made with reasonably low standard errors.

Sharma and Prasad's\textsuperscript{73} work on the assessment of production - credit requirements is also a micro level study.

\textsuperscript{71} N.C.A.E.R., Credit Requirements for Agriculture, op. cit., p. 54; Table 1 and 2.

\textsuperscript{72} Ibid., p. 12.

The sampling design covers two different regions, one relatively advanced (Rampur district, Uttar Pradesh) and the other relatively less advanced district of the state (Tarai and Nainital). Through multi stage random sampling technique from the former region Seventyone farmers and from the latter region ninety five farmers have been selected. Taking one representative farm from each size-group classified and using the linear programming techniques, assessments have been made in four different situations, viz., (1) present technology without borrowing, (2) existing technology with borrowing, (3) improved technology without borrowing and (4) improved technology with borrowing. The important findings of the study are (1) The per acre credit-needs in the less advanced region are र 113 and in the more advanced region र 156 under the existing technology, (2) The variations in the average credit needs among different size-groups of farmers in two regions reveal that the trend is similar. Credit-needs are the highest among medium-sized farms (र 203 in advanced and र 134 in less advanced region) followed by small farms (र 128 in less advanced region and र 98 in advanced region) and the lowest in case of large farms in both regions. This happens perhaps, due to the relatively lesser dependence of small farmers on cash expenses on account of their family labour contribution and application of manure of their own live-stock. Large
farmers also meet large parts of their cash needs from their own savings. Per acre credit-needs in improved technology are ₹ 332 in Tarai and Nainital and ₹ 381 in Rampur district. Credit needs on irrigated farms are higher in both the districts as compared to non-irrigated farms. It is also marked that the percentage of increase in credit-needs is higher (195 per cent) in Tarai and Nainital than in Rampur district (119 per cent), consequent upon technological development. Thus the assessments are disaggregative, more meaningful and realistic.

In a number of studies, though such disaggregative assessments have been made showing area-wise, farmer-wise and sometimes crop-wise requirements of credit, yet the technique is the simple average method in contrast to the linear programming technique. Singh and Kahlon's work conducted in Patiala district of Punjab may be cited as an example. Requirements of short-term credit have been assessed of three randomly selected model holdings, one each from small, medium and large holdings of 73 cultivators of two villages during 1969-70 and 1970-71. The assessment has been made in two different situations, viz., (1) at the existing level of technology, and (2) at a higher level of

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technology. It is found that credit requirements increase among three size-groups of cultivators in higher technological plans, yet some variation is noticed in such increase among different groups. The short-term credit requirements per acre increased from a level of ₹ 91.67 and ₹ 76.67 in 1969-70 to ₹ 332.20 and ₹ 402.81 in 1970-71 respectively on the small and medium size holding farms with higher technology. This was due to the higher level of improved inputs envisaged in the alternative plan for 1970-71. On the other hand, in the large farm situation, where improved inputs were already in use, the increase was not significant.

A similar technique of simple average method in the assessment of production credit-requirements in one block of Agra district has been adopted by Singh and Gupta.75 To assess credit-requirements, a comparison of inputs used with the optimum level of inputs in nine representative farm situations have been examined. The estimates show more than 100 per cent increase in requirements on all, except in small size persian wheel irrigated and medium size tube-well irrigated farms. On the basis of these farm level estimates, an inverse relationship between size of holdings

and credit requirements is also marked. The aggregate credit requirements of the whole block has also been estimated at ₹ 64.33 lakhs. The adoption of similar methodology is also found in Bhanja's assessment of credit requirements for one crop only, i.e., HYV paddy. The study is confined to 100 sample cultivators, 15 participants and 10 non-participants each from four sample villages. The difference between average cash expenses per acre of HYV paddy (₹.391) and ordinary paddy (₹.52), i.e., ₹ 339 has been taken as per-acre credit-requirements. However, such type of estimation is also found in other studies for the assessment of production-credit requirements at micro level.

For the assessment of credit-requirements a brief review of the above mentioned methodologies adopted both at macro and micro levels leads to the following propositions:

1. Assessment can be made both at macro and micro levels but each has its own limitations.
2. In the aggregative assessments made by the Reserve Bank of India, the amount of cash and kind actually being availed of by cultivators do not indicate credit requirements in the normative sense, which ought to be the case.
3. In other projections though

the terms have been defined in the wider sense, these are more or less based on some limited conditions, like taking only technological consideration and not the actual behaviour of the farmers requiring such credit. For these reasons, the macro level assessments or projections are very often quoted as mere guess works, or these are tentative indicating only the broad magnitudes of credit-requirements. On the other hand, micro exercises being based on more reliable information collected from individual farmers are more accurate. But such findings may not be extended to aggregate level unless adequate sample size is made from different size-groups of cultivators and also from different agro-climatic conditions of the area for which the assessment is to be made.

Thus a series of such micro studies can provide more reliable preliminary information on which the assumptions of macro level estimates would be made. It is probably due to this importance of micro studies that the Planning Commission and the Reserve Bank of India conducted a set of field studies in different parts of the country in collaboration with different Universities and agro-economic research centres.77 The National Council of Applied Economic Research Centre's work on agricultural credit requirements

77. Report of the All-India Rural Credit Review Committee, op. cit., p.9.
for the whole country is another example, though like the
decennial surveys of the Reserve Bank of India, the
definition adopted is narrow in sense. But this becomes
difficult for an individual researcher to conduct such
studies on account of resource and time constraints.
Further, it also depends on the scope of the study concerned
pertaining to other important issues in the work. Yet, an
integration of both methods would probably provide a more
accurate estimation of the magnitude of credit requirements
at the aggregate level.

Conclusion

The present chapter may be concluded with the
following observations. First, Co-operative movement in Assam
though it started in 1904, like in the rest of the country,
it did not make any success in its development till 1951.
The history of its evolution is marked with expansion,
stagnation and consolidation prior to the plan era.
However, under the successive plans, revitalisation of the
co-operative movement became an important item in the
programme of agricultural development. Secondly, at the
top of the system of credit structure is The Assam Co-operative
Apex Bank, a pioneer co-operative institution of
Assam, registered under the Co-operative societies Act on
7th December, 1948. The base level co-operative institution
under-went changes from time to time. The re-organisation of
Agricultural Credit Societies took place in the year 1972-73. The State Government organised and registered a new set of Agricultural Credit Societies under the name of Gaon Panchayat Level Samabay Samity (GPSS) in the plain districts and large area multipurpose Co-operative Society (LAMPS) in the Hill district with multipurpose objectives. The old service Co-operative societies were put under liquidation. The Apex Bank, being the central financing agency met the financial assistance to farmers both short and medium term credit through GPSS and LAMPS under adoption of the bank.

Thirdly, the direct involvement of commercial banks in providing agricultural credit was insignificant prior to nationalisation. However, after nationalisation both scheduled commercial banks and Regional Rural Banks have started supplying both direct and indirect finance to the agricultural sector. There has also been a considerable expansion in the network of scheduled commercial banks and the position of Assam in this respect showed some improvement. It is observed that a good majority of bank branches of the state is located in rural areas. Regional Rural Banks, a new agency was created to fill up the gaps in rural credit structure and to provide credit to the weaker sections of the society. The first R.R.B. in Assam came up in 1976 and at present there are five numbers of them operating
in the state. Fourthly, despite such expansion Assam still continues be a relatively underbanked state and credit institutions of the state are required to play a more active role for improved farming practices and the development of agricultural infrastructure.

Lastly, assessment of credit requirements have been discussed alongwith components of farm credit from two aspect namely on the basis of time and on the basis of purpose.