CHAPTER - VI

SUMMARY, CONCLUSION AND SUGGESTIONS

Adequate supply of institutional credit is a necessary, if not a sufficient condition for agricultural development. Creation of adequate credit facilities has been identified as the principal solution for most of the agricultural problems. It is said so because credit plays a crucial role not only in the modernisation of agriculture, but also in helping to remove financial constraints and in the provision of the means and incentives for accelerated agricultural development. The institution credit system, if well organised can play a dynamic role in the development of agriculture.

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 for the achievement of the objectives of economic growth and social change. Cooperatives can indeed be the basis of rural uplift by giving new vitality to economic development in a backward state like Assam. But the growth of the co-operatives in the state is neither well planned nor well organised.

With the nationalisation of commercial banks in 1969 and the emergence of Regional Rural Banks (RRBs) in Assam in
1976. With the basic objective of providing adequate credit to the priority sectors of the economy, among which agriculture dominates, led to the implementation of a multi-agency approach. The new approach has three major planks, viz., (1) to provide adequate credit to cultivators, (2) to change the direction of institutional credit towards the small and marginal farmers, and (3) to bring about an even distribution of such credit among various regions. In other words, the new approach aims at providing adequate credit for agriculture and other priority sectors and banks were encouraged to lend to agriculture. The major objective was to ensure that bank finances are made available to the productive needs of all sections of the cultivators, irrespective of the social status of a beneficiary. The emphasis is now centered on production, and banks are asked to move away from their security oriented lending to purposive, productive and incremental income oriented lending, and to finance small and potentially viable farmers. In brief, they are advised to pay greater cognizance to the viability of a project rather than to the credit-worthiness of the borrower, in the traditional sense. In particular, banks are asked to help the small and potentially viable farmers in their pursuit to move to higher technological planes. Though commercial banks since nationalisation had made a commendable progress on their agricultural credit operations front, there exists a considerable leeway to be made
up in the direction of the extension of credit facilities in the coming years.

The major objectives of the study were:

(1) To assess the agricultural credit-requirements of cultivators in Kamrup district.

(2) To examine whether loans are diverted or utilized for the purpose taken for.

(3) To see a relationship between the flow of institutional credit and agricultural growth in the state of Assam. A Kamrup district analysis.

(4) To investigate the pattern of utilisation and repayment of such credit and

(5) To examine the deficiencies of the existing pattern of institutional credit and suggest remedial measures to strengthen the institutional credit structure in the state.

On the basis of the observations of these objectives, certain policy measures have been suggested to strengthen the institutional credit structure to achieve the desired objectives. Further, for pursuing the above objectives two hypotheses were taken and these are (1) Farmers in rural areas of Kamrup district do not get enough credit. Institution credit is inadequate in supply and improper in distribution. (2) Procedure of giving credit to farmers are faulty - longer time period is involved and credit is not timely, not adequate
and not need based and (3) Utilisation of credit is not supervised by financial institutions.

The study is mainly based on primary data. To get first hand and supporting information on some aspects, a field study was conducted during 1990-91. The main objective of the micro study was to collect information to meet some objectives of the main study for which adequate data are not available. The total sample size for the field study was one district, two blocks, 8 villages, 4 villages from each block out of which two fall under irrigated villages and two villages fall under unirrigated villages and 100 cultivators, 25 cultivators from each two villages. Information was collected from sample households through prepared questionnaire and by personal interviews and the official records of the sample institutions. The study covers the period from 1985-86 to 1990-91. For purpose of convenience, the concluding chapter has been divided into three sections.

(1) The Background

The study begins with the background of the changing agricultural situation and the changing institutional credit set-up of the Assam State and Kamrup district during the period of reference. A detailed analysis of the agricultural profile of Kamrup district reveals that agriculture in the district is at a transitional stage. The new technology is confined to only one crop i.e. paddy it has shown its adoption
mostly in the irrigated tracts of the district. The production of paddy is widespread in the district, covering an area of 1,47,755 hectares which is 89 per cent of net sown area. Out of this 64,040 hectares is under HYV paddy which is 47 per cent of the total area under paddy cultivation. The practice of using fertilisers to increase agricultural production and yield is present in Kamrup district to some extent though it is not widely followed. The per hectare consumption of fertilizers during the period 1990-91 was 16.0 in Kamrup district and 11.4 in the state level. Though production of various crops in Kamrup district has increased over the years, yet steps are required to be taken up to increase the yield in order to meet the requirements of its considerable growing population. The cause of low yield is due to practice of large scale primitive methods of cultivation, and the practice of double cropping being very limited in the district. All these show that agriculture still continues to be in the traditional stage in major parts of the state.

Turning to the change relating to the institutional credit agencies, it was marked that co-operatives still continues to be the major institutional credit agency. The primary agricultural credit co-operative societies (PACS) which are the base level of the pyramidal structure of co-operatives to deploy short and medium term credit directly to cultivators. A great majority of these societies are lying
dormant and only a few including 701 Goan Panchayat Level Samabay Samities (GPSS) and 38 Large Size Multipurpose Cooperative Societies (LAMPS) are current functioning in the State. The number of Primary land development banks (PLDBs) in Assam are 20 in number, advancing long-term loans amounting to ₹ 1.50 crores during 1983-84 which is slightly higher than the amount of ₹ 1.22 crores advanced during the preceding year. Available data pertaining to primary land development banks are insufficient, still available data for the state indicate that credit supplied by such banks are inadequate. These banks are mostly situated at the sub-divisional level.

In the state, as per available information the number of bank branches of scheduled commercial banks including that of Regional Rural Banks in June 1980, was a total of only 466, 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. 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 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.
(2) The Findings

Against the background of the above mentioned institutional changes, first of all, it was intended to examine the adequacy of institutional credit supply which is related to the issue of direction of such credit and its distribution among different categories of farmers.

For the study of sourcewise data on cash loans report on 26th and 37th Rounds of national Sample Survey (NSS) was looked into. From the study of the reports it was found that there was a remarkable increase in the percentage share of institutional credit to total rural credit over-time for almost all regions of the country, except Assam where it witnessed a marginal decline. In many regions of the country like Assam, the farmers continued to borrow largely from non-institutional sources of credit which constitutes about 53 to 69 per cent of total rural credit supplied by private agencies.

With regard to agency-wise distribution of cash loans outstanding in rural areas of Assam and India pertaining to the year 1981-82, the highest percentage share was accounted by commercial banks (16.8 per cent), followed by co-operatives (6.9 per cent) and then by the Government (6.8 per cent).

Some improvement in the situation was indicated by data provided by Annual Report of NABARD 1986-87. According to it, total schematic (long term) lending by different
agencies of institutional rural credit in Assam during 1986-87 (July-June) came to ₹ 2140 lakhs. The figures however include lendings not only for agricultural schemes such as minor irrigation and farm mechanisation, but also for schemes in allied activities such as animal husbandry and horticulture. Complete data on short and medium term lending of financial institution to agriculture sector of the state in the corresponding year 1986-87, could not be collected due to some problems. Data made available by the agriculture section of the Assam State Co-operative Apex Bank indicate that the short term and medium term agricultural lending of the co-operative institutions in the state during 1986-87 (July-June) amounted to ₹ 256.26 lakhs and ₹ 140.20 lakhs respectively. However in the absence of data on lendings of commercial banks and R.R.Bs, the total amount of short and medium term credit going to the agriculture sector cannot be known.

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 primary agricultural credit societies (including LAMPS) with a membership of 22 lakhs in Assam provided loans/advances to the tune of ₹ 3.59 crores during 1983-84 as against ₹ 1.91 crores.
during 1982-83. It is reported that more than three lakh borrowers availed loan facilities during 1983-84.

The major indicators of the progress and performance of GPSS indicate that during the period 1984-85 to 1990-91, loans issued for short-term period increased from Rs 358.65 lakhs to Rs 369 lakhs an increase by Rs 10.35 lakhs during the period. However, mid-term loans showed a falling trend during the period. In case the progress and performance of LAMPS, during the period 1984-85 to 1990-91, short-term and mid-term loans showed a falling trend during the period. Thus, the progress and performance of GPSS and LAMPS was not satisfactory.

As to credit supplied by commercial banks, with the expansion of banking network in Assam, the volume of deposits and deployment of credit both showed a rising trend during the period 1975 to 1991. The volume of deposits during 1975-1991 increased from Rs. 123.78 crores to Rs 2178.36 crores an increase by Rs 2054.58 crores while credit rose from Rs 55.91 crores to 1117.13 crores increase by Rs 1061.22 crores during the period. However, the credit-deposit ratio of scheduled commercial banks, as available from Reserve Bank of India publication reveal a non too-encouraging position of Assam as the same for the state is reported to be 55.4 per cent in December 1989 compared to 64.7 per cent at all India level. During the period 1990-91, in Kamrup district number of bank
offices increased from 146 to 149, deposits increased from ₹643.70 lakhs to ₹751.63 lakhs while credit of commercial banks increased from ₹418.73 lakhs to ₹433.63 lakhs during the period.

With regard to short term agricultural credit routed through GPSS during 1982-83 to 1990-91 the amounts sanctioned and disbursed both showed a rising trend during the period. The amount sanctioned increased from ₹184.10 lakhs to ₹654.76 lakhs a rise by ₹140.26 lakhs during the period. The amount disbursed by GPSS of medium term loans during 1984-85 to 1990-91 showed a falling trend. In case of long-term loans disbursed by GPSS during 1984-85 to 1990-91, did not show any consistent trend but the amount increased and came down alternately during the period.

With regard to agricultural loans routed through GPSS and LAMPS during the period 1984-85 to 1990-91, the amounts disbursed under for special Rice Production Programme shows a continuous rising trend during the period from ₹111.63 lakhs in 1984-85 to ₹168.70 lakhs in 1990-91 rise by ₹57.07 lakhs during the period.

Amounts disbursed under National Oil seeds Development Programme however shows a falling trend during 1987-88 and 1990-91 from ₹134.15 lakhs to ₹62.75 lakhs a fall by ₹71.4 lakhs during the period.
The amounts sanctioned and disbursed by PACS of Rabi, Kharif and Pre-kharif loan bring 283.87 in Kamrup district was ₹ 11.05 and ₹ 7.64 lakhs respectively. While the same for the state was ₹ 334.49 lakhs and ₹ 193.51 lakhs respectively during the period. In case of disbursal of pre-kharif and kharif loan by PACS during 1985-86, the amount sanctioned and disbursal for kamrup district was ₹ 8.19 lakhs and ₹ 4.62 lakhs respectively. For the state the same was ₹ 217.67 lakhs and ₹ 123.01 lakhs respectively during the period. In case of disbursal of pre-kharif loan by PACS during 1985-86 to 1990-91 in Kamrup district and Assam, there is no consistent trend noticed in both the sanctioned and disbursed amounts of the respective loan. The same has increased and decreased alternately during the period.

With regard to disbursal of Kharif loan by PACS during 1986-87 to 1990-91, the amounts sanctioned and disbursed of loan for kamrup has both fallen during the period. The amount sanctioned which was ₹ 20.84 lakhs in 1986-87 has come down ₹ 2.10 lakhs and the amount disbursed decreased from ₹ 12.85 lakhs to ₹ 2.10 lakhs during the period. In case of amount sanctioned and disbursed for Assam both showed a rising trend. The amount sanctioned was ₹ 247.40 lakhs in 1986-87, came upto ₹ 252.71 lakhs in 1990-91 an increase of ₹ 5.31 lakhs while the amounts disbursed increased from 141.28 lakhs to ₹ 180.75 lakhs a rise by ₹ 39.47 lakhs during the period.
With regard to disbursed of Rabi loan for Kamrup district and Assam during 1985-86 to 1990-91 both sanctioned and disbursed amounts for Kamrup showed a falling trend while for the State both sanctioned and disbursal amounts showed a rising trend. The amounts sanctioned and disbursed for the state during 1985-86 was Rs 157.56 lakhs and Rs 106.64 lakhs respectively increased to Rs 325.70 lakhs and Rs 222.55 lakhs respectively during the period, recording an increase of Rs 168.14 lakhs in amounts sanctioned and Rs 115.91 lakhs in amounts disbursed for the state during the period.

Annual progress and performance report of GPSS and LAMPS during 1983-84 to 1987-89 shows that in Guwahati subdivision number of both blocks and villages increased from 25 blocks 607 lakh villages to 33 blocks 911 lakh villages, recording an increase of 13 blocks and 304 lakh village in the sub-division. In case of Rangia sub-division both number of block and villages came down during the period. As for loans issued short-term and mid-term of Guwahati sub-division and Rangia sub-division increased in amount during 1983-84 to 1987-89 except for mid-term loans in case of Rangia sub-division in the year 1987-89.

With respect to issue of short-term loans by The Assam Co-operative Apex Bank through GPSS and LAMPS adopted under the bank during 1981-82 to 1990-91, short term loans showed a continuously rising trend during the period from Rs 31.59 lakhs
in 1981-82 to ₹ 485.74 lakhs during 1990-91, an increase in amount by ₹ 454.15 lakhs during the period. However, in 1985-86, the amount showed a falling trend. With regard to medium term loans the amount rose from 1981-82 to 1990-91 from ₹ 47.71 lakhs to ₹ 83.73 lakhs i.e. a rise by ₹ 36.02 lakhs during the period.

The position of total loans and advances of The Assam Co-operative Apex Bank Limited during 30.6.86 to 30.6.89 shows that, short-term loans has a continuous rising trend from ₹ 256.26 lakhs to ₹ 409.05 lakhs a rise by ₹ 152.79 lakhs during the period. While the medium-term loan increased from 30.6.86 to 30.6.87 from ₹ 140.20 lakhs to ₹ 163.98 lakhs a rise by ₹ 23.78 lakhs during the period.

With regard to Agricultural Advances from 30.6.86 to 30.6.90, both principal and interest amounts of short term loans from GPSS and LAMPS have increased from ₹ 506.50 lakhs to ₹ 1527.30 lakhs a rise by ₹ 1020.8 lakhs during the period. In case of medium-term loans also increased from ₹ 469.63 lakhs to ₹ 745.38 lakhs an increase by ₹ 275.75 lakhs during the period.

Distribution of outstanding credit by scheduled commercial banks in Assam in December 1982, June 1989 reveals that in the agricultural sector outstanding amount increased from ₹ 69.52 lakhs to ₹ 82.70 lakhs, a rise by ₹ 13.18 lakhs during the period.
Credit outlay under Annual Action Plan for Kamrup district in the year 1986 for agriculture and allied activities reveals that in total amounts the highest was contributed by nationalised Banks an amount of ₹ 81.11 lakhs and the lowest was contributed by other commercial banks an amount of ₹ 14.74 lakhs.

Resource available for loaning programme bank-wise for Kamrup district in the year 1986 reveals that in total amounts the highest amount was contributed by nationalised banks an amount of ₹ 23.71 lakhs and lowest was contributed by other commercial banks an amount of ₹ 4.50 lakhs.

Performance of All Banks Under Annual Action Plan 1986-88 reveals that total achievement amounts has increased from ₹ 29340 lakhs in 1986 to ₹ 71126 lakhs in 1988 an increase by ₹ 41786 lakhs during the period.

Review of Performance of All Banks in Kamrup district during 1985-1991, reveals that both target and achievement figures of the district have fallen during the period. Target has fallen from ₹ 41032 lakhs to ₹ 32866 lakhs a fall by ₹ 8166 lakhs. Achievement figures have fallen from ₹ 45774 to ₹ 23263 lakhs a fall by ₹ 22511 lakhs during the period.

Review of Performance of Analytical Programme During 1985, 1986 and 1987 reveals that both Achievement and target figures have increased during 1985-87. Achievement figures from 2616 in 1985 came upto 5186 recording a rise by 2570 and
target figures during the period increased from 2826 to 9290 an increase by 6464 amount during the period.

Bank-wise, block-wise Credit Programme according to District Credit Plan 1988-90 of Kamrup District, reveals that in grand total amounts for the district, the highest amount of credit is provided by Nationalised Banks an amount of ₹2323.02 lakhs and lowest amount by other commercial banks an amount of ₹70.53 lakhs. Other commercial banks amounts are not available except for Guwahati city which is ₹70.53 lakhs.

Recovery of overdues, short-term and medium-term loans during 1984-85 to 1989-90 reveals that recovery amounts have increased during the period from ₹136.34 lakhs to ₹164.52 lakhs an increase by ₹28.18 lakhs during the period, showing a satisfactory trend in the amounts recovered during the period.

Loans issued and recovered of The Assam Agriculture Co-operative Apex Bank Ltd reveals that during 1981-82 to 1990-91. Short-term loans increased in principal amounts from ₹32.06 lakhs to ₹1208.72 lakhs, recording an increase by ₹1186.86 lakhs while medium-term loan increased from ₹14.31 lakhs to ₹493.65 lakhs, an increase by ₹479.34 lakhs during the period.

Such observations are found to be true from the results of the field investigations conducted for the study. Important findings of such investigations are as follows:
Utilisation of production credit was to the extent of 40.4 per cent in case of all sample borrowers of both blocks. Further, utilisation is found to be better in Hajo Development Block (49.6 per cent) than in Dimoria Development Block (34.5 per cent). Among different size-groups of both blocks when compared, small farmers have utilised the highest preparation of such credit (61.1 per cent); followed by middle size-group (57.4 per cent) and the least by large farmers (19.2 per cent).

In case of investment credit, 76.9 per cent of the total credit was utilised by all borrowing households. Utilisation was better in Dimoria Development Block (76.9 per cent). In Hajo Development Block there was no utilisation of investment credit. In the Dimoria Development block, the highest amounts was utilised by both middle and large farmers which is 100 per cent utilisation, followed by small farmers utilising an amount of ₹ 66.6 per cent.

Again an examination of 10 dugwell loan cases shows that while 5 of these wells were completed with water for irrigation, 2 were completed without water and the rest 3 were unsuccessful wells.

In addition to all the above findings on utilisation of credit, micro analysis also reveals the nature and extent of misutilisation and diversion of credit in the sample area. Purpose-wise distribution of diverted amounts in percentage
reveals that a major part of total diverted amounts of production credit is utilised for purposes like investment in agriculture (56.0 per cent) and business and professional needs (17.5 per cent) while a smaller part is utilised for consumption and other household needs (8.4 per cent) house construction and education (11.5 per cent) and miscellaneous purposes (nil) (10.0 per cent).

Like diversion of production credit, diversion in case of investment credit is found to be more in Dimoria Development block than in Hajo Development Block where it is nil in amount. In unirrigated areas, diversion is present while in irrigated areas of Dimoria there is no diversion at all. In Dimoria Development Block, the highest amount was diverted in case of small farmers an amount of (33.3 per cent), while in case of medium and large farmers there is no diversion of investment credit.

All the above findings, on the utilisation and mis-utilisation of institutional credit, though related to a limited area of the district, corroborate the observation that credit dispensed even for productive purposes is misutilised. Ultimately such a misutilisation of credit leads at times to non-repayment of institutional dues. Thus, the reason misutilisation of credit as being a cause of inadequate credit supply is found to be true.
(3) Suggestions

On the basis of the above findings of the present study and diagnosis of the problems, some suggestions for improvement may be made. These suggestions may be classified under four sections viz., (1) Technological (2) Structural, (3) Operational and (4) Miscellaneous.

(1) Technological:

The inadequate supply of institutional credit in the technologically backward regions, despite the increased number of institutions, reveals the fact that credit would flow where there is demand for it. Demand for credit being a derived demand, emphasis is to be laid on appropriate technology and on its adoption at the farm level. New technology, has not yet made any significant impact on agriculture of the region. In view of this, HYV seeds of paddy suitable in local farm conditions of the region may be invented by the Agricultural Research Centres and for its adoption, farmers are to be motivated by the extension agencies at the farm level. Extension services from agricultural department should be improved. Demonstration should also be given to farmers in order to help them to switch over to modern methods of cultivation. Improved variety of seeds, fertilisers etc. should be provided from the agricultural department. More of intensive awareness training programme should be organised to create awareness among borrowers. Apart from financial help
banks should try for farmer's education through the help of agricultural extension officers.

Irrigation is the fundamental pre-condition for technological progress. It is said that farmers can turn sand into gold if adequate and assured water supply is made available to them. In view of this, more emphasis on expanded irrigation facilities is to be given to the whole of the Assam state in general and in Kamrup district in particular. The existing irrigation facilities should be improved giving it more extension and coverage. Another matter that require special attention is that flood prone areas should be dealt with extra attention and importance.

Risks and uncertainties are associated with the agricultural backwardness of the region and the consequent low investment. Natural calamities are also linked with the mounting overdues of the institutional agencies. Crop Insurance scheme, as a protective measure should be taken up and further extended to cover the whole state and efforts should be made to make the scheme a success.

(2) Structural:

Structural weakness of the co-operative institutions is mainly attributed to the weak capital base which is functionally related to low volume of owned funds and mobilised deposits. The capital base is to be strengthened by (1) appropriate linking of share holdings to borrowings at
different levels and (2) increased contribution to share capital. With all these in view, the following specific steps are suggested:

(1) A more discriminatory system of linking of share capital and borrowings.

(2) Though increased amount of Government share capital contribution to weak societies and primary land development banks may be made, yet this should not be done at the cost of the freedom essential to co-operative institutions.

(3) Restrictive practices like deduction of share capital from the loan component, adjustment of share capital with that of loan repayment, are to be discouraged. Further, dividends on share capital are to be calculated regularly and entered in the Loan Book of the members.

(4) Deposit mobilisation is the hub of any bank's activities. Besides making the structure self-reliant, higher deposits help the bank basically to cushion their overdues. In view of this, expansion both geographically and functional, has to be resorted to in co-operatives.

(3) Operational:

All these measures will have some impact in increasing the owned funds of the co-operative institutions, and in strengthening their capital base. But such improvement may not yield the expected results in expanding the flow of
credit, unless the greater menace of mounting overdues is checked effecting. The burning issue of overdues which is common to all lending institutions requires a thorough examination. However, the problem is to be dealt with from pragmatic points of view. There are mainly two categories of defaulters namely wilful and non-wilful. In case of wilful defaulters, institutional agencies should take up more stringent action with full support of the Government. Overdues should be collected from them like land revenue. As for collection of such dues from the other group should be made in a convenient number of instalments and fresh finance should be given to them to expand the effective coverage of co-operatives.

In case of crop failure government machineries should be prompt enough to issue certificate to declare failure of crops in genuine cases for rescheduling the repayment period and the societies should use the conversion facilities granted by the Reserve Bank of India.

Adequate number of recovery staff should be provided to the lending institutions and any laxity in their work may be strongly viewed. A better recovery climate should be created for all institutional dues and the village communities should be associated with such collection drive to avoid possibilities of unpleasant situations.
One of the contributing factors to the poor recovery performance of all institutional dues is the diversion or misutilisation of credit. The same emphasis should be given to better utilisation of credit as that is given presently to its supply.

Recovery rate should be improved through improved recovery camp. Intensive Recovery camp should be organised.

Agricultural loan should be given from the scale of finance and by taking into consideration the amount of cultivable area—and according to crop calendar. Applications for crop loan should be scrutinised and processed well in advance. Loans for agricultural proposes should be upto to a maximum limit of 10,000 and there should be no mortgage of land for it.

(4) Miscellaneous:

The following measures, then, are highly called for:-

Proper marketing arrangements should be made in the villages for the sale of produce after harvest.

In the context of integrated approach of rural development the coverage of target groups and the links between development programmes and credit programmes should be improved.

There is need for identification of programmes suited to a particular area. This can be done only by interaction between government officials and bank officials.
Proper maturation of managers should be encouraged. Performance of managers should be assessed not only on the growth of deposits but mainly on the process of lending credit to weaker sections in all its aspects including recovery.

In the formulation and implementation of agricultural credit schemes there is need for the removal of shortcomings. For increasing the quantum of credit to agriculture there is need for greater co-ordination between various agencies.

Lastly, in the formulation of agricultural credit scheme an area approach should be further strengthened and streamlined and due importance should be given by commercial banks in the task of formulating agricultural credit schemes at all levels.

To sum up, the present study leads to the conclusion that despite the introduction of multi-agency approach, supply of such credit continues to be inadequate both in coverage and amount in Assam. Though the direction of institutional credit has changed towards the small and marginal farmers, yet its impact is insignificant in the alleviation of their poverty. This underlines the importance of proper utilisation of credit. For recycling of funds in greater volumes, recovery of the institutional dues is to be emphasized.

Adoption of new technology by small and medium size farmers in any significant scale cannot be expected without active support of institutional credit. Thus an imperative
for bringing about a 'green revolution' in Assam is by improving the quality and quantity of institutional rural credit as majority of farmers are with small source base.

In a backward state like Assam, rural credit institutions are required to play a more active role not only for improved farming practices but also for the development of agricultural infrastructure.

Besides increasing the volume of credit to the rural sector, it is also necessary to simplify and streamline the procedure of dealing with the farmer.

The problem of default, often cited by banks as the main hurdle in enhancing the role of financial institutions in the rural economy deserves closer examination and simplification of operational problems and reducing the incidence of default will go a long way in fulfilling the assigned role of credit institutions in the process of agricultural development in Kamrup and the State as a whole.

All these call for an integration between the quantitative and qualitative aspects of institutional credit. Thus the study shows that mere multiplication of the institutional agencies is not the only answer to the problem of inadequate institutional credit supply and it indicates the importance of several qualitative aspects which are to be given due emphasis to achieve the desired objectives.