13.1 SUMMARY:

The purpose of this study is to identify the beneficiaries of the agricultural credit schemes given by the commercial banks, specially for Agricultural Development Branch of SBI, and to assess the impact of their finances on the borrower farmers. The data were collected from a sample of 200 households belonging to twenty villages spread across the two blocks of Golaghat district, which falls under 26 bank branches operating in these villages including four branches of SBI and one ADB (pilibor) of the 200 sample households farmers, 100 households (50% per cent) had taken credit from different branches, 27 farmers from the SBI branches, 9 farmers from the other nationalised commercial bank branches, 46 farmers from the Regional Rural Banks and rest 18 from the co-operative and other agencies.

For identification of the beneficiaries both economic and non-economic characteristics of the farmers are taken into consideration. The impact is measured in terms of the benefits derived by the borrowers. The specific parameters that have been used for this purpose are land utilization, cropping pattern (output), yield rate of variation, extent of irrigation facilities, income and expenditure of household etc. In addition to the identification and assessment of the benefits derived by the sample participants, an attempt is also made to examine farmers attitudes and expectations with respect to the banking schemes.
The data indicate that the agricultural credit in the survey area has been marked by predominance of non-institutional credit which amounts to 55 per cent. However, at present the farmers of the Golaghat district are enthusiastic to take agricultural loan from the commercial banks rather than from the money-lenders of the villages.

The Survey has disclosed that the actual sizes of the holdings of the borrower farmers seems to differ substantially. The landholding of sample households are found to be highly fragmented that ranges from one piece to 8 pieces. So, it is very difficult to invest modern agricultural implements. Out of 200 sample surveyed household, 5.5 per cent population do not possess land for cultivation and there are exist no larger farmers having more than 75 bighas of land in the sample area.

It can be mentioned that gradually the cultivable land of Sample area became reduced due to utilization of cultivable land of sample area became reduced due to utilization of cultivable land completely for different uses, viz. for Brick-kiln as well as for other purposes. Moreover, cultivable land is not properly utilized for shortage of finances and other technical knowhow.

Through the field survey it became evident that small farmers in general are more conscious of timely repayment of their borrowed money. But from the banks report it seems that big farmers are more inclined to pay their loan instalment regularly and timely as compared to small farmers.

There also seems to be less awareness amongst the borrowers as it is clear from the field survey that majority of the borrower farmers happens to be not familiar with the real
differences of the available alternative schemes. Even some of the farmers do not possess the knowledge as regards to the prevailing rate of interest of the loans which they had already contacted. This is more so particularly in the case of small farmers where our study took place.

Analysis of the data on the time lag between the submission of the application for loan and the receipt of the loan amount presents a close association between the delay in receipt and the holding size. It came to the picture that the smaller the size of holding of the farmer, the longer the waiting time for receiving the loan. The field work further indicates an inverse relationship between the number of visits required to be made to the branch office and the holding size.

The sample farmers also placed their viewpoint that the interest rates charged by the banks are quite considerable in most cases, barring some small farmers who disagree with this view. The overdue rates of interest vary significantly amongst the different banks.

As for the pledge Loan it can be said that it happened to be non-existent in the study area. The pledge loan can give more benefit to the beneficiaries under the banking schemes, especially for the crop loans. As regards to the farm equipment loan viz. for tractors, power tillers, the farmers are of the opinion that the repayment period should be extended from the present five years to eight years period.

On the analysis of data upon different types of loan disbursement by commercial banks in the sample area, it is clear that usually the bank place more priority for sanction of short term as well as medium term loans for farmers.
The scrutiny of the practices followed by the banks disclose that only a few managers are adhering to the stipulated procedures. Again it is also observed that the stipulated norms of advancing loans by the different banks are also not the same. In majority of the cases it becomes evident that the village level officers are required to seek the approval of higher level officers for both disbursement of loan amounts and the enforcement of action against defaulters.

However, it has been noticed in practice that the increased credit facilities have enabled a good number of farmers to improve their mode of production. The borrower farmers have taken up the programme of high yielding varieties of paddy in the current year. The output pattern of the farmers has changed perceptively after the credit facilities were given to them by the commercial banks.

From the field survey it is found that of the 200 sample households, only 100 households have received credit facilities from various credit institutions. This only signifies that 50 percent of the household received the credit benefits. Therefore, it can be safely said that majority of the farmers are being compelled to avail credit advantage at a high rate of interest especially from non-institutional agencies such as money-lenders, land-lords, traders and other individual persons.

With regard to the savings habit among the sample household some information also found with the help of the questionnaires. It become evident that of the 20 villages which were adopted for the study, there found to be two villages in the east block and five villages in the south block which shows surplus over expenditures. On the other hand all other remaining
villages have shortage of income over expenditures. This is due to the fact that per capita income of the household is less than what the expenditures exists. Hence, no savings can accumulate in those families. Against this, there is at least a silver lining as the farmers are now trying to supplement their income by investing their additional incomes in some other profitable ventures or in agriculture and its allied activities.

13.2 CONCLUSION

Agriculture provides livelihood to more than 70 per cent of the population in Assam. In the study are nearly 90% per cent of the population are dependent on agriculture. Inspite of this fact, the growth rate of agricultural production found to be less and also happened to be erratic. The main reason behind this is due to slow progress in respect of modernisation of Agriculture system and continuous dependence on conservative process. Again the agriculture also dependent on vagaries of nature. Frequent and wide spread flood, heavy and uneven rainfall in summer as well as dry and unfit weather in winter have hindered the majority growers in taking up the modern agricultural inputs.

Therefore, it is advisable to take some steps for controlling the recurring floods in the state. Both the central and state government shall have to come forward for this giant task. Unless and until this problem receives the attention of the government no fruitfull result is expected to boost-up agricultural production in Assam.

The reorganisation of Village Level Workers (VLW) seems to be an urgent need for better performance in agricultural practices. It is observed that majority of VLW are doing nothing of the sort for the agricultural purpUses except providing usual
reports to their immediate bosses. It is pertinent to note that VLW be trained and their allotted area be properly define and they must be charged with the responsibility for which they engage for. It should be seen that agricultural demonstration are held at every villages it reasonable time. And if necessary as a matter of incentive allowances be paid to the VLW. Such type of measure will definitely help to educate agriculturist and at the same time it will be an incentive to the VLW also.

At block level some deficiencies has been notices as there does not exit required supervisory staff to supervise the field work. At the same time marketing support is very much essential for giving a boost to agricultural production. Another important thing that has been observed the money-lenders as well as other small traders take the advantage of exploiting the poor farmers on many matters. Therefore, formation of Agricultural Marketing Societies can help a lot for marketing agricultural produce in a village areas.

The selection of beneficiaries which is very much important for granting loan etc. under various schemes should be done by the concerned banks only after the field survey and discussing with the villagers. As in some cases it happen, the distribution of agro-inputs should not be made office corridor. Only by observing the actual requirement of inputs, development workers, should distribute the inputs to the farmers. Haphazard distribution be avoided with a more systematic line of work. Another important factor is that the credit agency should provide a credit before the initiation of agricultural operation. As regards to the provision of loan the funding agency should ensure that loans are not diverted for any other purpose other than
identified one. Anybody found guilty of misusing the loan be properly punished. Agricultural demonstration is very much essential to ensure participation of more number of farmer under a various programmes. For better performance under various schemes, co-ordination amongst the blocks and other financial institutions as well as other development departments is necessary. As has been seen the present set up in the blocks is quite ineffective in executing the plans. Resources are seems to be inadequate for implementing programmes.

The already revive Panchayat Raj system will have to take more responsibility in a development programmes by formulating plans and policies for their own areas. Farmers' education programmes be taken by the Panchayats for the result oriented approach. Another dimension of problem is that, in order to arrest the youth unrest in the rural areas some steps to be taken either to employ them in some sectors or to extent certain credit facilities for opening co-operatives, which can ultimately create an environment for a meaningful economic activities.

Even though the Banking network in rural areas has been increasing, yet it needs further improvement for development of social infrastructures. Still the credit facilities seems to be quite inadequate. The sample data makes it clear that banking facilities do not provide a considerable help for meeting the credit requirements of the poor farmers of the village. The benefits of different banking schemes have been monopolised by a few medium and big farmers. This they could do because they stands in a sound economic position. On one hand the small farmers find it difficult to approach the bank officers for necessary loans for their agricultural pursuits and on the other hand the lack of
proper publicity of the existing schemes of Banking institutions coupled with the procedural difficulties work well to discourage them from taking financial assistance. Moreover, the time duration in between the filing of the application and the disbursement of the loans also operates to discourage the small and marginal farmers to opt out for bank loans.

Besides, providing credit at a cheaper cost, the banks should try by all possible means for the inculcation of saving habits among the borrower farmers, for it contributes to the farmers' long run economic prosperity. The very provision of credit at lower interest rates would invariably result in some surplus to the borrower, if the amount borrowed is utilised for productive purposes. But the additional incomes would always have the tendency to tempt the farmer to use it for consumption or unproductive social expenditure. In such a case a borrower farmer is likely to become a permanent debtor. Further, the extension of the facility to the same set of farmers year after year would not facilitate the extension of the services to a large amount of deserving farmers. So, the banking institutions should try to encourage the average farmers to build up his own source of investible funds.

The banks have to change their outlook and avoid considering of treating the rural branch posting as a punishment posting. The selection of a right person for a village branch can change the rural economic landscape by communicating or interpreting the real objectives of the banking schemes among the farmers.
It is observed from the analysis of the sample data that usually the bank loans are availed by the rich big farmers. The small, marginal farmers do not look forward to avail the bank loans for the improvement of their agriculture practices as well as for other purposes. Due to this small land holdings persist from 0 to 10 bighas. Their situation as agriculturists does not permit them to take bank loans for the purchase of farm equipments, HYV seeds, pesticides, fertilisers, etc. Which are not economically viable for them. But from the field level survey conducted for this study, it becomes crystal clear that the small and marginal farmers are equally in need of bank loans.

The policy of crop loans requires some changes in the period of disbursement and repayment of that loan. The discussion with the borrower farmers have revealed that quite in a good number of crop loan cases the borrowed amount of money has been used initially by the farmers for the consumption purposes and thereafter, they have left with no option other than to go for additional loan to the village money-lenders in times of actual need. In this regard the farmers say that the sanction of loans by the banks is made mostly at inappropriate time and they are tempted to use the loan amount for non-productive purposes— even against their own wish.

Introduction of Insurance Schemes for each farmers' standing crops and the farmers' who preferred collectivisation from the period of sowing to the harvesting against damages by natural calamities, such as floods and inundation, erosion of soil by rivers, draught and pests, etc. are an essential pre-requisite to help boost agricultural production. This scheme would give an additional incentive to the farmers to go for loans for their
agricultural development and help maintain the input potential of
the farmers to a great extent. The implementation of insurance
schemes will cover the risk of agricultural loans contracted by
the farmers with the commercial banks.

The problem of multiple financing is a very
important problem of the banking institution. It can be solved by
introducing the identify card for all the borrowers. This card
should contain the details of land holding of the borrowers, his
credit transaction details such as security purpose, etc. and his
production schedule so as to enable the bank office to get ready
information at the time of the sanction of every loan. Whenever a
banking institution make an advance, it should affix its seal at
the time of the sanction of the loan. This type of card will be a
great help both to the borrower farmers as well as to the banking
institution. With the help of this card the banking institution
can make themselves sure of the type of farmers for whom they are
financing and on farmers side the introduction of this type of
card would minimise their incidental expenses.

The most problematic issue regarding the credit
facilities of the banking institutions is the non-repayment of
loans by some farmers. This seems to have emerged mainly because
of the absence of any strict controls at the banks' ends to check
the defaulters. At present, the government has given powers to the
banks to take action in civil counts against deliberate non-
repayment of bank loans. It is expected that there will be no
problem in this matter in future.

In the light of the recommendations of the working
group under the chairmanship of Sri S. Padmanabhan, the inspection
and supervision system and procedures of the Reserve Bank of India
have been modified for improvement of banking services. The role of audit profession has been enlarged in the bank's supervisory process. On internal inspection/audit and vigilance machinery in banks, banks have been advised in September 1993 to comply with certain action points such as appointment of compliance officers in the bank, updating of manuals of instructions/inspections manuals, introduction of concurrent audit system, formation of audit committee of the board, fixing accountability of staff in the inspection of banks and selection of personnel in inspections.

In the light of the above recommendation, during the year 1993-94 (July-June), the Reserve Bank of India undertook financial inspections in respect of 13 private sector banks and the foreign banks. The annual financial inspection was completed in all the 28 public sector banks and 13 local head offices of the State Bank of India.

In conclusion it can be safely said that the State Bank of India including Agricultural Development Branch of SBI are playing a very specific and important role in the upliftment of the economy of the state. After the nationalisation of the State Bank of India, they providing liberal finance to the farmers leading to the development of the agricultural sector of the State. Moreover, with a view to providing credit to farmers on an intensive area basis the SBI and its associate banks have opened ADB at certain selected centres throughout the country as formulation of the 'village Adoption Scheme'. But, after the introduction of service area approach scheme there is no distinction between special ADB and ordinary branches as regards to their operations.
The various banking schemes also help to provide adequate and timely credit facilities to the farmers for assisting them in terms of adopting improved methods of cultivation. In the analysis of the field survey it can be termed that rural credit facilities greatly help the farmers of the Golaghat district by increasing their total amount of crop production as well as the mode of production itself. The survey data also reveals that all classes of farmers are being able to augment more income by availing bank loan facilities. Many borrower farmers seems to have begun using tractors, shallow tube-wells, pump-sets and modern HYV seeds, etc. in recent years. But it is no denying the fact that the major benefits of the banking schemes have percolated to the better off categories, ie. medium and big farmers.

Therefore, whatever we have learnt from our field experience it may safely be concluded that within a decade or so all the agriculturists of the State as well as of the Golaghat district will be in a position to mechanise their process of farm activities provided the terms and conditions of the bank loans are liberalised.

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