Financial Background
for the
Development of Agriculture
and
Processing Industry
CHAPTER VII
FINANCIAL BACKGROUND FOR THE DEVELOPMENT OF AGRICULTURE AND PROCESSING INDUSTRY

7.1 Introduction:

In economics the word credit is used to denote the capacity to borrow. The word credit is derived from the Latin word 'credo' which means capacity to borrow. One can increase the 'capacity to borrow' by converting the credit into debt through the act of borrowing. Debt or loans are made against the farmers credit worthiness, i.e. if his credit reserve is greater than zero, then the farmer is eligible for loans, i.e. credit reserve is equal to the total credit less the actual debt. If actual debt exceeds the total credit of the farmer, then his credit reserve is said to be negative or the farmer is a bankrupt and loans will not be advanced by any agency.

Capital has a great role to play in promoting economic development of farmers. Agricultural development can be achieved by increasing productivity in agriculture. This is possible by making use of improved technology in the form of high yielding varieties of crops, use of chemical fertilizers, improved methods of irrigation, machinery and equipments. Above all agriculture is to be supported by adequate infrastructure in terms of transport, marketing and storage facilities etc. Thus, the use of capital in agriculture is an important factor in increasing agricultural productivity. But the question is continuous availability of funds for investments. For new additions to capital in agriculture originates basically from savings and credit. Savings in agriculture are at very small amount because of applying low level of incomes in agriculture. Therefore the increasing use of capital certainly requires the use of more credit. (Wader and Murthy 2003).

W. Lee, M. Boehlje, A. Nelson and W. Murray (1988) have expressed their view that in modern farming as in any other business, the key to a satisfactory income is a purpose amount or combination of productive assets such as land, livestock, machinery and labourer. The amount of resources a farm operator controls, the terms and conditions under which they are obtained and the way they are used, determine the level of income. Therefore, proper understanding of agricultural finance and economic assistance for economic development is much needed. They have also expressed that agricultural finance is that economic study of the acquisition and use of
capital is agriculture. It deals with the supply and demand for funds in the agricultural sector of the economy.

**7.2 Historical Perspective of Banking Sector for Agro-finance in Nadia District:**

There is fallacious belief that credit can play an important generative role at all stages of agricultural development. In very early stages of traditional and subsistence farming when no crop is sold in the market and some financial income is earned only from time to time, no credit can be given for the indispensable repayment capacity. At a following stage small amount of credit can and should be provided. The emphasis falls here on the word 'should' since this kind of credit has still a completely static character in the sense that it does not enhance production and represents only a burden on the farmer’s family budget. In practice, however, the situation is usually more complicated.

![Fig No.7.1. Institutional Arrangements for Banking in Nadia District](image-url)

Source: District Statistical Handbook-2007-08, Central Cooperative Bank Report-2011-12
*Note: PACS refers to Primary Agricultural Cooperative Society, SKUS and MPCS refer to Swanirvor Krishi Unnaiyan Samity and Milk Producer Cooperative Society respectively.*

**Micro Level Planning Based on Agricultural Potentiality : A Case Study of Nadia District, West Bengal**
The subsistence former markets some quantities of food grain which do not necessarily imply that there is a considerable marketable surplus. Because of poverty, the farmer has to sell much more of farmer’s food crops than he can afford. This sale itself has the character of disguised credit transaction. Nevertheless, in such cases the farmer may also apply for institutional credit. Here, credit is double weight, first in the form of the interest which the farmer has to pay for his institutional credit; this is by no means counter balanced by any increase in his income. Secondly, in the form of the considerable difference between the sale price and purchase price of food grains. In all the cases in the interest of the borrower, the volume of credit supplied should be kept as small as possible. Any increase of it can have no other effect than reducing even more the usually applying low income of this farmer. It is only one advantage that mitigating interest burden which in any case is born by the small farmer because if credit is not available from institutional sources he will apply to a moneylender. Therefore, it is useful as long as it is administered in appropriate dose. It is not only the improvidence which often induces the farmer to borrow more than ultimately proves to be good for him; it is also the crop failure sometime several in succession force him to borrow. In the light of above scenario an attempt has been made to analyse the level of effectiveness of banking services in the district of Nadia. The relation and interdependence of credit and economic development has also been analysed so far as the growth and prospect of agriculture and agro-based food processing industry are concerned.

The earliest reference to the existence of a system of banking in this region, as traceable in Kavikankan Mukundaram’s Chandi Mangal, a work of circa A.D 1600, relates to the activities of a class of shroffs usually called podders, who exchanged cowries (shells) and silver coins, the usual currency of a Bengal market. These persons acted as bankers and money-exchangers, and remitted money for others, from one town to another and issued letters of exchange. The Bengal District Records of the 18th century show that revenue was not paid by the Zamindars to the officers of the East India Company direct, but was collected through the agency of these shroffs. As losses owing to misappropriation by the middlemen in various ways was inherent in this system. It was abolished in 1778. (J.H.E. Garrett-1910)

The indigenous bankers suffered a serious setback following the agency houses and joint stock companies at the beginning of the 19th century. But, as noticed by the Banking Enquiry Committee in 1929-30, they play an important role in the financing of the agriculture, industry
and trade. They usually combine banking with some form of trade, wholesale or retail. (Majumder-1978).

The General Review Report of the Rural Credit Follow-up Survey, 1956-57, published by the Reserve Bank of India provides certain important features about the state of indebtedness in the district of Nadia. The average size of cultivated holdings per family of all cultivators was 4 acres. But those with 11 acres as average size of holdings per family were classed as big cultivators, 7.7 acres as large cultivators, 3.3 acres as small cultivators and 1.3 acres as marginal cultivators. The Report shows that there had been a marked increase in the proportion of the indebted families in the district. The proportion rose from 20.4 percent to 48.1 percent amongst big cultivators, from 24.6 percent to 60.5 percent amongst large cultivators, from 22.7 percent to 56.5 percent amongst medium cultivators and from 25.4 percent to 69.3 percent amongst small cultivators during the period from 1st May 1956 to 30th April 1957. All cultivators considered, the increase was from 24.1 percent to 61.5 percent during the same period.

The Report states that the proportion of indebted families was influenced by the character of the agricultural seasons in the immediate past, which was particularly during the year under review. This adversely affected the small cultivators more than the bigger ones. The share of each class of cultivators at the end of the year was 13.3 percent for big cultivators, 37.7 percent for large cultivators. The data on classification of debt according to purpose as percentage of total debt outstanding at the end of the year shows that agricultural purposes accounted for 35.4 percent, non-farm business purposes 4.1 percent, consumption purposes for 59.6 percent and other purposes 0.9 percent. The following table gives the corresponding share of debt for the classes of cultivators, classified according to purpose and as percentage of total debt outstanding at the end of the year in the district.

Table No.7.1 Corresponding Share of Debt for the Cultivators in Nadia District. 1975-76

<table>
<thead>
<tr>
<th>Types of Cultivators</th>
<th>Agricultural Purposes</th>
<th>Non-agricultural Purposes</th>
<th>Consumption Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big</td>
<td>31.5</td>
<td>7.2</td>
<td>61.3</td>
</tr>
<tr>
<td>Large</td>
<td>37.7</td>
<td>4.6</td>
<td>55.2</td>
</tr>
<tr>
<td>Medium</td>
<td>38.1</td>
<td>0.9</td>
<td>61</td>
</tr>
<tr>
<td>Small</td>
<td>28.6</td>
<td>8.2</td>
<td>63.2</td>
</tr>
</tbody>
</table>

*Figures in Percentage  
Source: District Gazetteer of Nadia, 1975-76
Chapter VII: Financial Background for the Development

7.3. Agricultural Credit by National Bank for Agriculture and Rural Development (NABARD) in Nadia:

The rural credit system has evolved over the last six and a half decades. Historically, at the time of Independence agricultural credit was provided by the government department only and to a smaller extent by co-operative credit agencies. The credit provided was more ameliorative in nature, to provide relief to the framers from local money lenders who generally lent money at exorbitant interest. The institutional structure of rural credit as it obtains today consists of four sets of institutions viz. the commercial bank, both nationalised and private, RRBs (Sponsored by commercial banks), Short Term Cooperative Credit Structure (STCCS) and the Stat Cooperative Agriculture and Rural Development Banks (SCARDB) with the Primary Agriculture and Rural Development Banks (PCARDBS) affiliated to them.

Agricultural credit begins clearly possesses dynamic character only when an important proportion of it is utilized for methods which increase production and proceeds are available for production and consumption purposes rather than payment of private debts. In this regard the Sivaraman committee set up in March, 1979 by the RBI at the instance of the Government of India to review arrangements for institutional credit for agriculture and rural development and recommend the establishment of NABARD. Now a days this national bank has promoted itself as an apex organization in respect of policy, planning and operational aspects of rural development in the districts like Nadia.

Box No. 7.1. The Functions of the NABARD

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>To provide refinance to cooperative banks, Regional Rural Banks and other financial institutions approved by the RBI.</td>
</tr>
<tr>
<td>2.</td>
<td>To provide to eligible institutions conversion loans for production credit and financial assistance to reschedule loans and advances.</td>
</tr>
<tr>
<td>3.</td>
<td>To provide medium term and long term loans.</td>
</tr>
<tr>
<td>4.</td>
<td>To contribute to share capital and securities of eligible institutions.</td>
</tr>
<tr>
<td>5.</td>
<td>To assist State governments to contribute to share capital of eligible institutions.</td>
</tr>
<tr>
<td>6.</td>
<td>To make direct loans.</td>
</tr>
<tr>
<td>7.</td>
<td>To co-ordinate the operations of rural credit Institutions.</td>
</tr>
<tr>
<td>8.</td>
<td>To act as the agent of the government.</td>
</tr>
<tr>
<td>9.</td>
<td>To provide facilities for training, research and dissemination of information in the field of rural banking, agriculture and rural development.</td>
</tr>
</tbody>
</table>
• **Lead Bank Scheme** The Lead Bank Scheme was the beginning of the decentralised credit planning which was further strengthened when Service Area Approach was introduced by Reserve Bank of India. The District Credit Plans (DCPs) were prepared at that time in consultation with the various Government Departments on the basis of the budgetary allocation of the Departments. During 1991, NABARD took the initiative to prepare the background paper to provide substantive support to facilitate preparation of DCPs and also to prepare the Potential Linked Credit Plan for all districts where many additional factors, including the non credit aspects like infrastructure, were taken into consideration and a more rigorous assessment of credit requirement of the district was made with the following objectives:

1. There should be broad correspondence between allocation of responsibility and the resource base of banks concerned. and 2. Contiguity defined as clusters of districts with their regional orientation.

As reflected from the fig no. 7.2 below that in case of sector-wise loan allocation NABARD has experienced a vast change from 2005-06 to 2011-12. The Crop loan has just got doubled from 26 percent in 2005-06 to 54 percent in the year 2011-12. Otherwise all other allocation are insignificant in the district’s profile. Importance has not been given in the non farm sector, where the 28 percent allocation of 2005-06 has been reduced to only 12 percent in 2011-12 financial year followed by agri-term loan (15 percent) and other priority sector (19 percent).

**Fig No. 7.2 Sector-wise Allocation of Loan by NABARD**

Data Source: NABARD PLP Plan-Nadia 2005-06, 2011-12
7.4. Role of Macro Finance or Sectoral Financing:

Agricultural finance includes (i) Farm finance, (ii) financing of input marketing and (iii) financing of infrastructure facilities like roads, schools, storage houses, market yards etc. Financing means, acquisition, handling, allocation and management of available funds. It can be studied at two different levels, viz macro level or sectoral finance and micro level finance.

Allocation of loanable funds at district level for different sectors, i.e. non-agricultural and agricultural sectors has been studied in this research as macro level finance. Allocation of funds at district level is made for purpose of national importance or priority sectors. Allocation of funds or selective credit policy is the best instrument for achieving balanced growth in the economy. Therefore, macro-finance deals with allocation of funds at aggregate level between different sectors so as to achieve the balance growth in the economy. The government of India through Reserve Bank has laid down a stipulation that out of the total lending of any bank, 40 percent is to be distributed on prime lending and out of this 40 percent, 18 percent is exclusively for agriculture sector but when one see the performance of commercial bank in the last five years, it reveals that bank have not exceeded 11 percent or 12 percent to the farm sector.

7.4.1. Contribution in Land Development:

Land Development activities are helpful for long term sustainability of agriculture. Nadia district is basically dependent on agriculture with very high cropping intensity. Out of the total geographical area around 54200 hectare is reported to be suffering from different land degradation problems. About 52900 hectare is prone to water logging and an area of 1300 hectare is subjected to stream bank erosion and sand deposition.

In the situation existing at present in the district, potentials for land development have been assessed in respect of two areas, that is through maintenance and increasing the soil fertility by adaptation of soil management practices by use of organic manures and an innovative process popularized by NABARD through its farmers club. Maintenance and improving the soil fertility through adaptation of soil management practices by use of organic compose has been popularized by NABARD and State Agricultural Department. There is one soil testing laboratory at Bidhan Chandra Krishi Viswavidyala (BCKV) and some at private hands. The other potential areas for credit flow include excavation of water harvesting structures on farm ponds in areas
prone to water logging and on-farm development (OFD) works in canal and minor irrigation command areas.

**Review of Credit Plan:**

The long term potentials indicated here have been examined considering the infrastructural facilities required, available and gap thereof and the exploitable physical and financial program taking into account macro policy guidelines and environmental consideration for these sector potentials for the year 2005-06 have been modified. The following table gives a comparative study in the district between the year 2005-06 and 2011-12. It is evident, that within this period the amount of total allocation of loan has just got an astonishing growth of 836.58 percent, from 33.84 lakh Rs. in 2005-06 to 283.1 lakh Rs in the year 2011-12, so far as the land development is concerned.

It is also evident from the table below that under land development sector the Compost making or Organic Farming has experienced a fast growth of 6.76 lakh Rs. in 2005-06 to 82.45 in the year 2011-12, followed by allocation on Vermi-Compost (from 8.28 lakh Rs. in 2005-06 to 97.5 in 2011-12).

<table>
<thead>
<tr>
<th>Activity</th>
<th>2005-2006</th>
<th></th>
<th></th>
<th>2011-12</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Unit</td>
<td>Financial Outlay</td>
<td>Bank Loan</td>
<td>No. of Unit</td>
<td>Financial Outlay</td>
<td>Bank Loan</td>
</tr>
<tr>
<td>Compost making / Organic Farming</td>
<td>110</td>
<td>7.5</td>
<td>6.76</td>
<td>154</td>
<td>119.9</td>
<td>82.45</td>
</tr>
<tr>
<td>Vermi – Compost</td>
<td>90</td>
<td>5.25</td>
<td>8.28</td>
<td>1000</td>
<td>130</td>
<td>97.5</td>
</tr>
<tr>
<td>Maintenance of Water – logged Channels (Ha.)</td>
<td>70</td>
<td>5</td>
<td>6.3</td>
<td>115</td>
<td>17.25</td>
<td>12.95</td>
</tr>
<tr>
<td>Tank Silt</td>
<td>85</td>
<td>6.6</td>
<td>5.78</td>
<td>175</td>
<td>24.5</td>
<td>18.4</td>
</tr>
<tr>
<td>Farm OFD Pond</td>
<td>60</td>
<td>6</td>
<td>6.72</td>
<td>107</td>
<td>41.73</td>
<td>31.3</td>
</tr>
<tr>
<td>Land leveling</td>
<td>150</td>
<td></td>
<td></td>
<td>54</td>
<td>40.5</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>415</td>
<td>30.35</td>
<td>33.84</td>
<td>1701</td>
<td>387.38</td>
<td>283.1</td>
</tr>
</tbody>
</table>

Loan and Financial outlays are in lakh Rs  
Source: NABARD PLP plan

*Micro Level Planning Based on Agricultural Potentiality: A Case Study of Nadia District, West Bengal*
The target and achievements under district credit plans during the last three years are insignificant under land development sector. Major share in the credit flow is through commercial banks, lack of awareness about the potentials existing under the sector is the main factor responsible for slow take-off credit. Extension support from the state government in this sector is seemed to be largely inadequate too.

Table No.7.3. Loan Disbursement and Land Holdings:

<table>
<thead>
<tr>
<th>Land Amount (kattha)</th>
<th>Percentage of Debtor Cultivators</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1-5</td>
<td>0</td>
</tr>
<tr>
<td>5.1-10</td>
<td>0</td>
</tr>
<tr>
<td>10.1-15</td>
<td>4</td>
</tr>
<tr>
<td>15.1-20</td>
<td>12</td>
</tr>
<tr>
<td>20.1-25</td>
<td>24</td>
</tr>
<tr>
<td>25.1-30</td>
<td>18</td>
</tr>
<tr>
<td>30.1-35</td>
<td>12</td>
</tr>
<tr>
<td>35.1-40</td>
<td>10</td>
</tr>
<tr>
<td>40.1-45</td>
<td>8</td>
</tr>
<tr>
<td>45.1-50</td>
<td>0</td>
</tr>
<tr>
<td>50.1-55</td>
<td>0</td>
</tr>
<tr>
<td>55.1-60</td>
<td>6</td>
</tr>
<tr>
<td>Above 60</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Field survey by Author

An attempt has been made to figure out the relationship between the percentage of loan disbursed by different banks and the cultivators with different land holdings. From the above table it has been observed that the cultivators having medium range of land are getting maximum percentage of bank loan where as the marginal farmers are getting very small amount of loan. Total cost of agriculture is getting higher and higher day by day and the survival of marginal farmers, after managing the ever increasing agricultural costs seems very difficult in future without proper and adequate support provided by banks through all the blocks and levels of agricultural society.

7.4.2. Contribution in Farm Mechanisation:

Farm mechanisation plays an important role in modernisation of Agriculture. Increase in productivity of major crops viz. Paddy (4061 kg. per hectare), Wheat (2188 kg. per hectare), Maize (2326 kg. per hectare), Pulses (724 kg. per hectare) etc., has led to overall productivity to 2401 kg. per hectare for food grains and 958 kg. per hectare for oilseeds and this is due to better...
mechanised farming practices. Though fragmentation of landholdings and predominance of small and marginal farmers stand in the way of farm mechanisation to a great extent, the District has good scope in this sector. However, about 50 percent of tractors engaged in cultivation in Nadia are old and require replacement in a structured manner. Since the average size of landholding in the district is very low at 0.88 ha., a reasoning exists to acquire power-tillers. But with power tillers of age of 5 years or more becoming uneconomic and not fetching resale values, and with tractor companies coming up with easy hire-purchase/finance schemes, there is demand to acquire tractors by farmers. There is also a Subsidy scheme for lower horse power tractors and power tillers for Small/ Marginal Farmers being implemented by West Bengal Agro Industries Corporation through the district office of State Seed Corporation, with sponsorship from Agriculture Department.

Though fragmentation of land holdings and predominance of small and marginal farmers stand in the way of mechanization of agricultural operations, the State has good scope for growth in the sector. The existing level of available farm power is about 1.2 kW/ha which is inadequate to enhance the cropping intensity and output of the farm sector. This level needs to be raised to 3 kW/ha by 2020. The scope for mechanization exists in cultivation of almost all the major crops grown in the state viz. paddy, wheat, mustard, groundnut, potato, jute etc. There is also the scope of mechanization of horticultural crops mainly for crop protection and harvesting operations. Various operation-specific, crop specific farm equipments may be popularized in the District as given below:

Seed Bed Preparation:
Laser leveller, cultivators, power tiller, rotavator, ridger (2) Puddling: Helical blade puddler (:)
Sowing: Seed drills for wheat, mustard, groundnut and jute, zero till drill (4) Transplanting
(9) Threshing: Wire loop thrasher, multi-crop threshers (10) Decorticating/ shellin
Dectorticator, maize sheller (11) Grading: Manual/ power operated graders (12) Transpot
Pneumatic wheel animal cart, trolleys.
The following table gives a comparative study in the district between the year 2005-06 and 2011-12. It is evident, that within this period the amount of total allocation of loan has just got an astonishing growth of 356.08 percent, from Rs.1603.02 lakh in 2005-06 to Rs 6560.6 lakh in the year 2011-12, so far as the farm mechanisation is concerned.

It is also evident from the table below that under farm mechanisation sector the tractors with implements has experienced a fast growth of Rs. 938.35 lakh in 2005-06 to 2790 in the year 2011-12, followed by allocation on Power tillers (from Rs.565.68 lakh in 2005-06 to Rs.1980 lakhs in 2011-12).

Table No. 7.4. Development of NABARD Contribution in Farm Mechanisation, Nadia (Comparison Between 2005-06 and 2011-12)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit cost</td>
<td>No. of Units</td>
</tr>
<tr>
<td>Tractors with implements</td>
<td>4.2</td>
<td>235</td>
</tr>
<tr>
<td>Power tillers</td>
<td>1.31</td>
<td>25</td>
</tr>
<tr>
<td>Second Hand Tractor</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repair and Maintenance</td>
<td>0.52</td>
<td>5</td>
</tr>
<tr>
<td>(Threshers etc.)</td>
<td>1.5</td>
<td>200</td>
</tr>
<tr>
<td>TOTAL</td>
<td>835</td>
<td>1842.46</td>
</tr>
</tbody>
</table>

Loan and Financial outlays are in lakh Rs

Source: NABARD PLP plan

Micro Level Planning Based on Agricultural Potentiality : A Case Study of Nadia District, West Bengal

Fig No. 7.3

Data Source: NABARD PLP plan
7.4.2.1. Long Term Agricultural Mechanization Strategies for Nadia District:

1. **Farm power**

   Manual operations of paddy transplanting and potato sowing need to be mechanized with suitable power source and equipment.
   - Emphasis on rural electrification is necessary to give boost to agro-based rural industries that would, in turn, enhance farm outputs and incomes.
   - Improved animal drawn equipments for preparing puddle seed bed, power tillers and light harvesting machines for paddy should be introduced through demonstration and financial incentives.
   - Improved implements and machinery for crop production and management.

2. It would be appropriate to introduce a mix of power-operated and animal operated improved tools and equipment that would enhance the output and quality of work at reduced drudgery levels.

3. Most of the paddy cultivation operations are done with manual or animal power. In order to increase productivity, intensity, timeliness of operations and also reduce human drudgery, improved implements and machinery must be introduced. Animal-operated helical blade puddlers, drum type pre-germinated paddy seeders, manually-operated 6-row transplanter, manual/motorized threshers must be introduced on large scale. These will be useful to enhance the quality and output of work.

4. For rational use of human and animal energy, improved, efficient and ergonomically designed hand tools and matching animal operated equipment for next level of agricultural production.

5. Equipment for all the operations of potato production are commercially available and should be selectively introduced for higher productivity. Animal-drawn and tractor drawn potato planters, diggers and graders need to be given priority for large scale adoption.

6. In order to enhance the marketability of the farm produce, equipment and technology for cleaning, grading, drying and packaging needs to be popularized and supported. Agro-processing activities should be promoted in the production catchments to reduce losses, to have primarily processed products for local use, minimize transport cost and to increase the income and employment opportunities in rural areas.
7. Mapping of potential for financing modern crop specific farm equipment/ implements viz. potato planters, diggers or harvesters and graders in the AEZ for potato is necessary.

8. The West Bengal Agro-Industries Corporation Ltd. provides subsidy of Rs. 30,000- for tractor. The Agriculture Department should publicise the subsidy available for small tractor/ power tillers and other farm equipments among the farmers.

9. The scheme of Government of West Bengal for subsidized distribution of power tillers @ 40 percent of the cost of limited upto Rs 45,000/- for 8 horse power or above power tiller shall be popularized.

Box No. 7.2. Crop Insurance: An Incantation for the Farmers?

While disbursing the crop loans the premium towards the crop insurance policy is deducted @ 2 percent- 7 percent depending on the crop. For example: if a farmer avails a loan of 10 thousands of Kharif paddy, he has to pay a premium of Rs. 200 -towards insurance premium and it is paid on the spot by the farmer. This particular crop loan has to be paid back before 31st March of that financial year and beyond that period penal interest will be levied and account becomes dormant to the bank.

7.4.2.2. Availability and Gaps in Infrastructure and Support Services:

Provision of more subsidies for distribution of farm implements from State Government or Central Government will encourage the farmers for larger use of such agricultural implements. Outlets for supply of good quality tractor and power tillers are also to be increased. Agro-Service centers on the lines of those set up by M/s. Mahindra Shubhlabh Services are required to be set up in different parts of the district.

A few Agro-Service Centres at important places of the district are presently available like Krishnanagar, Ranaghat, Chakdaha etc. Dealership network however is concentrated at district Head Quarters only and in some important towns of the district. West Bengal Agro-Industries Corporation fixes some targets for distribution of low capacity tractors. Agriculture Department also distributes limited number of tractors under its subsidised programme of the State Government mainly through the Cooperatives.

Sufficient number of agro-service centers run by private entrepreneurs are required to be set up in all parts of the district. Dealership network of reputed private dealers for supply of tractors and power-tillers concentrated at few places are required to be spread to other parts as well. West Bengal Agro-Industries Corporation may encourage the use of higher capacity tractors. Adequate training programmes are required to be imparted to educated unemployed youth by DRDA, DIG.
etc. to set up agro servicing centres. Motivation among farmers to adopt group approach under SGSY for implementation and use of farm machineries and implements are also necessary.

7.4.3. Contribution in Water Resource.

The development of agricultural sector depends mainly on the assured irrigation facilities or optimum uses of available water resources. Most of the rivers in the district of Nadia are perennial in nature. As a result the district has very good potential for surface water based minor irrigation schemes particularly due to the high stage of ground water development in the district. The Net Irrigated Area of the district is about 77 percent of the Net Cropped Area.

The report on dynamic ground water resources (discussed earlier in Chapter II, Table No.2.1) has been finalised as per the GEC-97 methodology by the state government in consultation with the Central Ground Water Board giving the status of ground water development stages as of 31.3.2004 for 269 blocks out of 341 blocks of the states as per GEC-97 methodology, the blocks have been categorized mainly on the basis of ground water development stage along with the water level trends.

As may be observed from the Table mentioned above, ground water availability is exhibiting a steady declining trend in the district. Six blocks are in semi-critical category while ground water availability in some of the “safe” blocks is near to saturation stage. Tehatta-I and Tehatta-II Block, as evident from the report, has been marked in the over exploited stage. Cautious exploitation of ground water is necessary in view of the high stage of ground water development.

Availability of adequate power for the existing minor irrigation structures has not been ensured. NABARD has sanctioned loan of Rs. 4.35 crores in the year 2000-2001, Rs. 25.31 crores in the year 2002-2003 for system improvement in power sector and Rs. 5.88 crores also has been invested towards infrastructural development in the rural power supply. Out of 1346 mouzas 1232 have been electrified already though irrigation servicing units are still less in number.

It is evident from the fig below that the Water Resource sector has experienced a fast growth of 91.30 lakh Rs. as target allocation in 2005-06 to 561.15 lakh Rs in the year 2011-12. In the year 2006-07 the percentage of loan achievement has got highest growth of 57.59 percent followed by 2005-06(38.81 percent) so far as the water resource credit review is concerned.
From the review of ground level credit it is evident that achievements show highly erratic trends over the years. Since irrigation developments hold the key to boost agricultural production, bank credit for this sector have to be stepped up heavily. Credit potential in water resource development sector are subject to strengthening of power infrastructure use of surface water, rain water harvesting, improvement in recovery scenario as also the publishing of ground water survey report to enable the irrigation department to issue ‘no-objection certificate’ for investment under minor irrigation scheme.

More thrust have been given on development of water harvesting structure to enable conservation of ground water resources in semi-critical blocks. More thrust should be given on educating rural people, especially the farmers to adopt crop diversification and switch to crop cultivation technique with the modern water saving devices such as SRI technique (where water is less needed in paddy cultivation), drip and sprinkler irrigation may be initiated.

**SRI, ‘the System of Rice Intensification’:**

SRI, the system of rice intensification is a system of production of rice. SRI is considered to be a disembodied technological breakthrough in paddy cultivation. SRI involves the application of certain management practices, which together provide better growing conditions for rice plants, particularly in the root zone, than those for plants grown under traditional practices. This system seems to be promising to overcome the shortage of water in irrigated rice.
Box No.7.3 Development of SRI Technology:

SRI was developed in Madagascar in the early 1980s by Father Henride Laulanie, a Jesuit Priest, who spent over 30 years in that country working with farmers. In 1990, Association Tefy Saina (ATS) was formed as a Malagasy NGO to promote SRI. Four years later, the Cornell International Institute for Food, Agriculture and Development (CIIFAD), began cooperating with Tefy saina to introduce SRI around the Ranomafana National Park in eastern Madagascar supported by the US Agency for International Development (USAID). It has since been tested in China, India, Indonesia, Philippines, Sri Lanka and Bangladesh with positive results. In Sri Lanka, SRI cultivation was practiced in 18 districts with encouraging results of doubling the yields. It was in practice in Cambodia, Indonesia, Laos, Myanmar, Philippines, Thailand, Vietnam, Bangladesh, China, India, Nepal, Sri Lanka, Gambia, Madagascar, Mozambique, Sierra Leone, Ghana, Benin, Barbados, Brazil, Cuba, Guyana, Peru and USA.

In this method synergic interaction leads to much higher yields. It offers increased land, labour and water productivity. In fact, it is a less water consuming method of rice cultivation, which is suitable to poor farmers who have relatively more labour than land and capital. Under SRI method of Rice cultivation, root development was more and healthy, tillering was almost double and the crop does not lodge. The grain weight was more and less incidence of pests and diseases were observed. This technology uses less quantity of inputs like water, fertilizers, pesticides etc.

SRI method differs from normal method of rice cultivation as given below.

1. **Nursery management:** Raised seed bed should be prepared by mixing FYM in the soil either on polythene cover, banana sheaths etc. or on soil itself.
   a. Seed rate: Five kgs of seed per hectare is sufficient as against 50 - 62.5 kg per hectare in traditional method of rice cultivation.
   b. Age of the seedlings: Transplanting should be done with 8-12 days aged seedlings with two small leaves as against 25 days and above in traditional method of rice cultivation.

2. **Transplanting:** Seedlings should be removed carefully from the nursery without disturbing the roots of the plant along with mud and single seedling should be transplanted per spot in the main field. Water in the main field should be drained before transplanting.

3. **Wide spacing:** Wider spacing of 25 cm x 25 cm in square pattern should be maintained for better aeration and for easy intercultural operations as against 50to66 hills per m2 in traditional method.
4. Weeding: Naturally weed growth is more in these fields because there is no stagnated water. Weeding should be done with rotary weeder/conoweeder for at least four times with an interval of 10 days starting from tenth day after planting. It churns the soil and the weeds are incorporated in the soil, which in turn serves as organic manure. It helps in increased soil aeration and soil health.

5. Water management: The soil should be kept moist but not saturated by providing alternative wettings and drying.

6. Manures and fertilizers: Application of more of organic manures i.e., 10 tons per hectare should be used and reduce the quantity of chemical fertilizers.

7.4.4. Contribution in Agricultural Marketing:

There is severe shortage (as mentioned earlier in the Chapter No.4) in storage of agricultural produce and problems in availability of modern facility on clean grading and packaging. This is reflected in a wide variation of prices during the season throughout the blocks on Nadia district. To overcome the problem of limited storage capacity and to avoid wastage of agricultural produce, the credit linked capital subsidy scheme for construction of cold storage and godowns both for vegetables and horticultural productions implemented by the Ministry of Agriculture with the support of NABARD and National Horticulture Board (NHB), has helped in creation of vast additional coldstorage capacity. Gramin Bhandaran Yozana, a central government capital investment subsidy scheme for construction of rural godowns is still in progress (Financial year 2012-13) to enable farmers to avoid forced sell and sell produce at better future prices. Along with the infrastructural development NABARD has also taken additional activities for the upgradation of agricultural marketing status of Nadia District. Such as:

- Financial service: Cooperative members have access to loans for raising crops, poultry, dairy, sericulture, orchards, deepening wells, installation of pump sets, lying of pipe lines, purchase of cranes, trailers, power tillers, sprinklers, drip irrigation, solar lamps, tractors and other agricultural activities. Whenever possible and necessary, loans are given in kind and in cash. The cooperative keeps essential materials ready in stock to meet the supply required by the members when loan is sanctioned to purchase the items.

- Input supply services: Cooperative supplies seeds, fertilizers, pesticides, sprayers, dusters, pump sets, accessories, pipelines, electric motors, seedlings, poultry feed,
medicines, poultry shed building materials, diesel and any other quality input that a large enough number of members may need to undertake production. Cooperatives produce quality seed. In addition to above supplies, the cooperatives also hire seasonally used agricultural machinery for the use of members, if they are expensive. The cooperative owns silt removing cranes, threshers, chaff cutters, tractors and rigs, all available to members on a first come first served basis.

- **Marketing services**: The significant increase in financial returns can be expected by members only by value addition, processing and significant marketing of produce. The cooperative rural bank purchases the paddy produced by members, stores, processes and sells it in the market. Members make significant savings in time, weighing, grading and transport. The members are paid a bonus on the prevailing market price for their produce.

### Table No. 7.5. Agricultural Marketing Credit Review

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Achievement</th>
<th>percentage of Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 - 07</td>
<td>187.8</td>
<td>85.11</td>
<td>45.32</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>1335</td>
<td>86.28</td>
<td>6.46</td>
</tr>
<tr>
<td>2008 - 09</td>
<td>1100</td>
<td>242</td>
<td>22</td>
</tr>
<tr>
<td>2009 - 10</td>
<td>2048</td>
<td>420</td>
<td>21</td>
</tr>
<tr>
<td>2010 - 11</td>
<td>5550</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: NABARD PLP plan

It is evident from the table above that the agricultural marketing sector has experienced a fast growth of Rs. 365.99 lakh as target allocation in 2005-06 to Rs 5550 lakh in the year 2011-1. The percentage of loan achievement has got highest growth of 45.32 percent in the year 2006-07 followed by 2008-09 (22 percent) so far as the agricultural marketing credit review is concerned.
Box No. 7.4. Salient Features of SGSY Scheme:

- Swarnajayanti Gram Swarojgar Yojan (SGSY) was introduced from 1-APR-1999. Since its inception DRDC (District rural Development Cell) is now giving more emphasis on Self Help Groups (SHGs) which has been found to be more feasible and acceptable in the rural areas of West Bengal. SGSY has been designed to cover all aspects of self employment such as organisation of the poor into self-help groups, training, credit, technology, infrastructure and marketing.

- The objective of SGSY is to ensure that the assisted poor families have a monthly income of at least Rs. 2000 so that to bring those families above the poverty line in three years.

- The assisted families may be individuals (swarozgari) or groups (self-help groups). Emphasis will be on the group approach.

- SGSY will particularly focus on the most deprived groups among the rural poor. Accordingly, the SC/STs will account for at least 50% of the Swarozgaris, women for 40% and the disabled for 30%.

- At the Block level, at least half of the groups will be exclusively women groups.

- Group activity will be given preference and progressively majority of the funds will be for self-help groups.

- self-help group may consist of 10 to 20 persons all from the BPL (now operational list). In the case of minor irrigation and in the case of disabled persons, this number may be a minimum of five (5). The group shall not consist of more than one member from the same family. A person should not be a member of more than one group. This group will function on the basis of particularly decision making process. The BDO and the Banker may visit the SHG as often as they can and explain to the members the opportunities for self-employment and the entire process of graduation based on participatory approach.

- Every SHG that is in existence at least for a period of six months and have qualified as a viable group will receive a revolving fund of Rs. 25,000 from banks as cash credit facility. Banks may charge interest only on the sum exceeding Rs. 10,000, which is given to the bank by the DRDC as subsidy grant but to the group it is a cash credit. Banks will take documents for Rs. 25,000.

Looking into the sector-wise use of loan, through the primary survey, it appears that seed purchase and farm mechanisation as well as technological upgradation, even the pesticide purchase needs more loan than market upgradation. This clearly exemplifies the fact that cultivators are quite unaware about the necessity of present marketing upgradation system. On the other hand, family purpose use occupies a major portion loan which includes marriage, other ceremony and rituals, accident etc., taken by the farmers.

One of the most important element for the farmer is the flow of credit at the right time at an affordable rate of interest. Now in all the eventualities i.e. when the farmers take the load either
from a commercial bank or from a co-operative bank or from a private money lender, the farmer is expected to repay back the loan within one year. In the event of crop failure for any reason the farmer is unable to repay the loans and on the other hand he is facing the difficulty to raise money for the next crop and also to meet his family maintenance expenses. Thus the farmers are put to financial hardship and thereby they are hard-pressed for their financial rotation. This case with farmers having some landed property.

<table>
<thead>
<tr>
<th>Sectors of use</th>
<th>Percentage of use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seed purchase</td>
<td>8</td>
</tr>
<tr>
<td>Pesticide purchase</td>
<td>16</td>
</tr>
<tr>
<td>Market upgradation</td>
<td>6</td>
</tr>
<tr>
<td>Farm mechanisation</td>
<td>18</td>
</tr>
<tr>
<td>Technology upgrade</td>
<td>22</td>
</tr>
<tr>
<td>Family uses</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Field survey by author, 2008-11

But there is another class of farmers viz. tenant farmers who are also earning their livelihood through cultivation of leased lands and are suffering on account of non-availability of institutional loaning and the exorbitant rate of interest they are paying to the private money lender or mahajans throughout different blocks of Nadia district. Hence, there is a need to revamp the institutional finance in a more rational and accessible way to the farmer.

**Rural Infrastructural Development Projects in Nadia District:**

Under Rural Infrastructural Development Fund (RIDF) of NABARD, various projects under minor and medium irrigation, rural roads, bridges, flood protection and control of soil erosion system improvement in power sector through setting up of sub-stations and renovation of sub-station units, renovation and modernisation of subdivisional and block agricultural farms, rural marketing infrastructure and food park have been sanctioned and are being implemented under different sectors of RIDF (RIDF phase II and XV, upto the year 2002-03).
Chapter VII: Financial Background for the Development

Location of Branches of Nadia Gramin Bank in Nadia District

Fig. No. 7.5

Data Source: NABARD Potential Linked Credit Plan, 2005-06

Micro Level Planning Based on Agricultural Potentiality: A Case Study of Nadia District, West Bengal
Spatial Distribution of Different Projects Under NABARD:

The implementation of RIDF road and bridge projects have shown that communication and rural connectivity with the urban market has considerably improved in the last five years and the district now has a healthy coverage of villages with metalled roads. This has led to further demand for improved road connectivity. Widening and strengthening of the village roads from i) Taherpur Railgate (entry road to Barasat Gram Panchayat) to Gagrakhali via Mugrail and Bagrail in Ranaghat I Block, where NABARD has adopted three villages for development, ii) from Simurali (Panchpota More) on NH-34 to Sanyalchar in Chakdaha Block, iii) from Sakdaha on Krishnagar-Majdia road to Joyghata via Tangra Khal bridge in Krishnaganj Block and iv) from Badkulla to Dignagar (which was sanctioned under RIDF phase VII in the year 2001-02 but not fully implemented and requires to be reposed) would mean betterment of communication and opening up of more livelihood for the people in these areas.

A bypass is required to link NH-34 with Krishnanagar-Karimpur road (through Panditpur-Anandanagar on the west side of river Jalangi) to avoid the traffic congestion of Krishnanagar city. Also, there is persistent demand to build a bridge over river Bhagirathi from Katwagh (Kaliganj Block) to Katwa and from Tehattaghat to Tehatta over river Jalangi as these will open up to the people of north Nadia for better business opportunities across the river Bhagirathi to Bardhaman district.

7.4.5. Contribution in Agro-based Food Processing Industry:

It is evident from the table below that the Plantation and Horticultural Credit Review sector has experienced a fast growth of Rs. 12.61 lakh as target allocation in 2005-06 to Rs 4060.55 lakh in the year 2011-12. In the year 2008-09 the percentage of loan achievement has got highest growth of 155.37 percent followed by 2005-06 (42.25 percent) so far as the Plantation and Horticultural credit review under the developmental procedures of agro-based food processing industry is concerned.

Availability and Gaps in Infrastructure and Support Services:

Nadia is rich in vegetable cultivation and Contract Farming may be explored involving vegetable. Contract Farming is the need of the day to extend technology transfer along with motivation to farmers through proper marketing support. Contract Farming offers very good
scope for herbal industry in the district as it provide assured market for the produce. Adequate supply of planting materials, training facilities to farmers on a regular basis and other technical inputs are required to support the development of food processing and horticultural potentials in Nadia district.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target No.</th>
<th>Bank Loan</th>
<th>Achievement Bank Loan</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 - 06</td>
<td>1280</td>
<td>1062.79</td>
<td>370.71</td>
<td>42.25</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>1873</td>
<td>1554.5</td>
<td>332.5</td>
<td>21.39</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>1795</td>
<td>1489</td>
<td>481.61</td>
<td>37.02</td>
</tr>
<tr>
<td>2008 - 09</td>
<td>2300</td>
<td>1907.55</td>
<td>2220</td>
<td>155.37</td>
</tr>
<tr>
<td>2009 - 10</td>
<td>2170</td>
<td>1803</td>
<td>414.69</td>
<td>23</td>
</tr>
<tr>
<td>2010 - 11</td>
<td>3135</td>
<td>4060.55</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Table No. 7.7. Plantation and Horticultural Credit Review

Loan and Financial outlays are in lakh Rs. Source: NABARD PLP plan

Preservation facility and modern marketing complexes with cold chambers are required in the main producing centers. Establishing high-tech food processing units catering to export requirements, are needed to set up units for value addition of agro-industrial crops. There is a horticulture research station in the district with three nurseries at Krishnanagar. The research station with its research personnel of different disciplines is engaged in farmers advisory service. For the development of Agro-based food processing industry different strategies has already been taken by NABARD against these above mentioned constrains.

The following table gives a comparative study between the year 2005-06 and 2011-12 in the district. It is evident, that within this period the amount of total allocation of loan has just got an growth of 166.08 percent, from Rs.5392 lakh in 2005-06 to Rs 8955 lakh in the year 2011-12, so far as the development of Agro-based food processing industry is concerned.

It is also evident from the table below that under this sector the allocation of loans for rice mills and oil seed grinding units have been given the utmost advantages. These sectors have experienced a fast growth of Rs.1875 lakh in 2005-06 to 3750 in the year 2011-12, and from Rs.2400 lakh in 2005-06 to Rs.2700 in 2011-12 respectively.
Table No. 7.8. Development of NABARD Contribution in Processing Industry, Nadia
(Comparison Between 2010-11 and 2011-12)

<table>
<thead>
<tr>
<th>Activity</th>
<th>2010-11</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Unit</td>
<td>TFO</td>
</tr>
<tr>
<td>Mango Pickles, Chutney/Kasundi</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>Dal Mill</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Confectionary Products</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Ground Spices</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Sauces, Ketchup, Puree</td>
<td>8</td>
<td>160</td>
</tr>
<tr>
<td>Rice Mill</td>
<td>10</td>
<td>2500</td>
</tr>
<tr>
<td>Roller Flour / Oil extraction</td>
<td>16</td>
<td>3200</td>
</tr>
<tr>
<td>Bhujia, Papad</td>
<td>30</td>
<td>450</td>
</tr>
<tr>
<td>Dehydrated Vegetable/Powder</td>
<td>2</td>
<td>300</td>
</tr>
<tr>
<td>Chhatu and Besan</td>
<td>30</td>
<td>300</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>7190</td>
</tr>
</tbody>
</table>

Loan and Financial outlays are in lakh Rs. Source: NABARD PLP report, 2012-13

7.5. Role of Micro Level Finance:

Financing of individual firms, source of funds for acquisition, its scientific management, the terms and conditions for use of such of the external funds etc, will come under the scope of micro finance.

7.5.1. Means for Expansion of Linkage Programme for Micro Credit:

a) Involvement of V V V Clubs / individuals in SHG promotion:

In Nadia district, during 2002-2003 and 2003-2004, 15 selected farmers’ clubs including 3 women farmer’s clubs had been exclusively identified for promotion of SHGs, savings link and subsequently for credit link of these groups with the concerned bank branches. The SHG volunteers identified for this purpose extensive training and NABARD had provided substantial financial assistance to these clubs for undertaking this activity. It is envisaged to savings link at least four hundred SHGs and credit link to two hundred during the current year itself. This programme is proposed to be intensified further in the coming years.
b) Government Agencies / Departments / Others under Various Development Programmes:

In view of implementation of SGSY in the district, various State Government Departments and Panchayat Level Functionaries are actively involved in promotion of SHGs under the overall supervision of DRD Cell, Nadia Zilla Parishad. More number of line departments are expected to be involved in the coming days.

Various academic institutions like BCKV and private companies like United Phosphororous have also taken keen interest in promotion of SHGs in the district. CARE India has been extending financial assistance to reputed NGOs for bulk lending as also for capacity building to intensify their efforts in the area of Micro-credit.

Nadia Gramin Bank has been identified by NABARD to function as Self-Help Promoting Institution (SHPI) for which grant assistance is being provided to them to undertake this activity. Fifteen branches have been identified for this purpose which in turn will directly associate in promotion of SHGs. In a period of next three years, it is envisaged to promote two thousand five hundred groups and credit link one thousand five hundred groups under SHPI. Nadia district Central Cooperative Bank has submitted their proposal to NABARD to function as SHPI.

c) Structured Networks of Charitable / Religious Organisations:

Sri Mayapur Vikas Sangh, a sister organisation of ISKCON, Mayapur, Nabadvip Block has already been actively associated in the SHG linkage programme. Cluster Development Programme under National Programme on Rural Industrialisation of GOI is also being implemented through them which is being organised in the SHG mode. Krishnanagar Cathedral is also being involved to implement micro-credit programme. Mithuns' Citizen Welfare Organisation promoted by noted film personality and philanthropist Shri Mithun Chakraborty is also being involved in the programme. Lokenath Divine Life Mission, Diocesan Board of Social Services, Krishnanagar Cathedral, YMCA and other religious and charitable institutions are also been involved in the SHG linkage programme. Nehru Yuba Kendra is also actively associated in SHG linkage programme.

d) Utilising the Services of Women Pradhan of Panchayats:

Under SGSY of Government of India, women members of the Panchayat level functionaries are directly involved in promotion of SHGs. Women Gram Pradhans, Sabhapatis and
Karmadhakshyas are permanent invitees in all SHG orientation meets and workshops. Many of the women farmers’ clubs consists of active women panchayat functionaries. Women Development Cell has been functioning in the Head Office of Nadia Gramin Bank with financial assistance from NABARD for this purpose. Nadia Democratic Women Credit Union has promoted more than 600 SHGs maintaining their accounts with various branches of NDCCB.

e) Revitalising Dormant Groups or Remodelling of Existing Groups into Bankable SHGs:
Revitalising dormant groups and remodelling of existing groups into bankable SHGs is a continuous process. Whenever dormant groups are observed, personal interventions are made along with the bank branch officials to find out the causes of dormancy and take remedial measures. If required, SHG Orientation Meets and Workshops are also organised to remove any discrepancies and misconceptions. NGOs promoting the SHGs are constantly looking after this aspect too. As regards remodelling of existing SHGs, many such groups were formed before NABARD’s programme was launched which consisted of eighty to one hundred members. All these SHGs have now been broken into smaller groups to suit our stipulations. All these have been done without harming the group dynamics as far as possible.

7.5.2. SHG Linkage Programme for Micro level Financial Strategy:
In order to achieve the target stated above, suitable strategy has to be evolved to involve as many partners in the process and sensitising various field level functionaries to create general awareness among all concerned. The same may be enumerated as under:

a) Training Requirements of Bank Officers / NGO staff / Government and other Functionaries:
This is a continuous process. Need-based trainings are being given to bank branch officials, volunteers of farmers’ clubs as also NGO officials in creating awareness about SHG linkage programme. These are associated with field visits to SHGs and NGOs and sharing of experiences to enable the officials to get firsthand knowledge about micro-credit programme. SHG orientation meets and workshops are organised throughout the year to create awareness and spread the message across the board either with the help of NGO or Bank branch or volunteers of Farmers’ Clubs. Visit to SHGs by BLBC members is being undertaken to give them first hand exposure. In order to develop and enhance the capacity of members of SHGs and officials of banks, NGOs and Government agencies, few training and capacity building programmes are
being planned by NABARD in the district covering all participants. Besides, banker-NGO meet and other meetings were convened by NABARD to develop the strategy and share best practices.

b) Bank/branches as SHPIs in the district:

15 Branches of Nadia Gramin Bank have been identified by NABARD to function as SHP under which all the staff members of the Bank will actively associate in promotion and nurturing of SHGs directly on the line of the NGO. Sreema Mahila Samity acts as the resource agency helping the bank branch officials in imparting training programmes. Branch-wise awareness programmes are being organised in which the SHG leaders and volunteers of farmers’ clubs are also invited for meaningful interactions. Stationery Cost and visit of SHG leaders as also branch officials to SHGs promoted by NGO are also contemplated under the scheme.

Rating Norms:

Each of the financing agencies as also the promoting NGOs are required to evolve appropriate rating norms for the SHGs promoted by them in order to ensure their quality. Sreema Mahila Samity has already framed the rating norms to enable them to extend the quantum of financial assistance and relaxation in interest rate to the SHGs according to the scores obtained by them in the rating process. Nadia Gramin Bank has formulated their rating norms for SHGs promoted by their branches which will act as broad guidelines in extending further assistance to the SHGs. This is being done at the time of the inception itself so as to ensure qualitative monitoring of the SHGs. The field level supervisors are to be rated accordingly based on the number of scores of the SHGs under their jurisdiction.

NABARD has been providing grant support to various partner agencies for forming an nurturing quality SHGs. Some new SHPI proposals have been submitted to NABARD for sanction which will improve the SHG-Bank linkage programme further ahead.

7.5.3. Micro Credit Through Micro Enterprise Development Programme (MEDP):

In order to enable the members of mature SHGs to take up micro enterprises through appropriate skill upgradation in existing or new livelihood activities, NABARD has been sponsoring MEDPs across the country. During the year 2009-10, a total of 35, MEDPs were conducted in Nadia district with grant support of Rs 10.50 lakh covering 1050 members of matured SHGs. Important activities covered under MEDPs were skill building in handicraft activities, fruit and juice processing etc.
Box No. 7.5.  Salient Features of PMEGP Scheme:

Government of India has approved the introduction of a new credit linked subsidy programme called Prime Minister’s Employment Generation Programme (PMEGP) by merging the two schemes that were in operation till 31.03.2008 namely Prime Minister’s Rojgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas

(i) To generate employment opportunities in rural as well as urban areas of the country through setting up of new self-employment ventures/projects/micro enterprises.

(ii) To bring together widely dispersed traditional artisans/ rural and urban unemployed youth and give them self-employment opportunities to the extent possible, at their place.

(iii) To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas.

(iv) To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment.

MFI - Bank Linkage

As mentioned earlier, Sreema Mahila Samity of Duttapulia has attempted to form a Federation of NGOs for Nadia district under which many NGOs working in different fields have come together while all of them are gradually being brought under micro-credit programme. CARE-India has provided substantial amount of loan assistance as also grant assistance for bulk lending as also for capacity building of NGO. Bulk assistance for on lending to SHGs has been extended by UBI to Sreema Mahila Samity. The credit limit has been enhanced sufficiently to enable the NGO to undertake further bulk lending. NABARD has provided grant assistance to the NGOs for their capacity building. Sreema Mahila Samity has a Micro-Credit Division operating for accepting deposits for onlending to SHGs promoted by them. Networking of NGOs is envisaged through the Federation of NGOs. Similar grant assistance has been provided to various other NGOs functioning in the district.

Non-government Organisations and Voluntary Agencies in Micro Credit:

Besides Sreema Mahila Samity, Duttapulia, numerous other NGOs are working successfully in the field of micro-credit. Sri Mayapur Vikas Sangh has been actively associated in promotion of
SHGs in Nabawip Block of Nadia district. They have availed bulk lending from IOB for on lending to SHGs as also requested for grant assistance from NABARD for their capacity building. Recently, they have been sanctioned enhanced credit limit. Krishnanagar Cathedral is forming SHGs with the help of Credit Unions formed for the purpose-and has availed of Rs.30 lakh as bulk lending from NGB for on lending to SHGs. Patuli Mahila Udyog Samity has been provided bulk lending financial assistance by Nadia Gramin Bank for on lending to SHGs promoted by them. They have received grant assistance from NABARD for their capacity building. Some other prominent NGOs working in SHG linkage programme are I. Usha Gram Trust, II. Arunadoy Gram Vikas Kendra, III. Fulia 52 Bigha Social Development Organisation, IV. Dr. B. R. Ambedkar Kishore Seva Sangha, etc. some of whom have already availed NABARD grant assistance for their capacity building. New NGOs, viz. Rural Development Consortium. All Backward Class Relief and Development Mission are entering the arena to participate in the SHG linkage programme. The SHGs promoted so far in the district, besides undertaking credit related income generation activities, are also engaged in various social activities, viz. Health, Literacy, Child Care, Nutrition, Social Infrastructure, Afforestation, Legal Aid etc.

Fig. 7.6 has been drawn to compare the number of self help group and deposits (Appendix VII g). The correlation coefficient ($r=-0.170$) and the significance test of the correlation coefficient ($t=0.724$) shows the relation between the number of self help group and deposits to be strongly positive. The probable reason for this is that more self help groups collects more earnings and increase their amount of deposits.
7.5.4. Impact of VVV clubs to Promote Banking Facilities in Nadia:
Apart from acting as extended arms of the promoting bank branch and helping in recover
deposit mobilization, advances, KCC, SHG and in creation of a better banker-borrower
relationship, the volunteers of the farmers' clubs promoted under VVV programme have helped
lot in dissemination of information and transfer of technology. They have been instrumental in
facilitating the branch officials to penetrate more intensely in their service area and in the
development of human banking. Besides, the volunteers have also engaged in various social
activities too, viz. organizing eye testing camps, blood donation camps, blood group detection
camps, pulse-polio camps, flood rescue operations, afforestation, road construction with
voluntary labourer etc. Volunteers from selected farmer's clubs were sent to Aurangabad in
Maharashtra to get first hand exposure of modern agricultural practices while some more were
sent to Chandigarh for the purpose last year. A batch of volunteers from North East visited Nad
district for exposure visit. Technical clubs are also being contemplated with BCKV while a Bio
village is proposed to be set up at Kadambagachi by BCKV with assistance of a Farmers club
operating in the area. The impact of the VVV programme has achieved such height of success
that different Commercial Banks, including State Bank of India, have started toying with the idea
of having a farmers' club with each of their rural branch in the district of Nadia.

7.6. Role of Commercial Bank and Public Finance:
The Governor of RBI soon after the nationalization of major Indian scheduled commercial bans
appointed a Committee of Bankers under the Chairmanship of Shri F.K.F. Nariman to evolve
co-ordinated programme for ensuring the setting up of adequate banking facilities in the under
banked districts of the country. The committee submitted its report on November 15, 1969. The
Committee recommended the 'Lead Bank scheme' under which the banks should be alloted
specific districts where they would take the lead in surveying the potential for banking
development, in extending branch banking and in expanding credit facilities. On 12 Decemb
1969 the scheme was endorsed by standing committee of bankers.

The RBI took the comments received from the following before deciding the scheme.

1. Chairman/custodians of various banks. 2. Recommendations of a study group of the
National Credit Council presided over by Prof. D.R. Gadgil.
### Table No. 7.12  Progress of Commercial Bank in Nadia District

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th></th>
<th></th>
<th>Urban</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Office</td>
<td>Deposits (In Lakhs)</td>
<td>Advances (Rs. In Lakhs)</td>
<td>No. of Office</td>
<td>Deposits (Rs. In Lakhs)</td>
<td>Advances (Rs. In Lakhs)</td>
</tr>
<tr>
<td>1980</td>
<td>42</td>
<td>578</td>
<td>306</td>
<td>24</td>
<td>2228</td>
<td>608</td>
</tr>
<tr>
<td>1990</td>
<td>113</td>
<td>9375</td>
<td>3206</td>
<td>50</td>
<td>16158</td>
<td>4202</td>
</tr>
<tr>
<td>2000</td>
<td>117</td>
<td>49711</td>
<td>12099</td>
<td>41</td>
<td>53714</td>
<td>11282</td>
</tr>
</tbody>
</table>

Source: Dept. of Statistical Analysis & Computer Services. Reserve Bank of India, Mumbai.

### Choice of Banks by Selected Farmers

![Choice of Banks by Selected Farmers](image)

**Fig No. 7.7**  
Data Source: Primary Survey (2007-2011)

The figure above explains the fact that Gramin Bank play a leading role in banking services to farmers by Central Co-operatives, the second in the line are NABARD and UBI while others have insignificant role to play.

### 7.7. Functions and Role of Cooperatives in Nadia:

Cooperative society is an organization of group of people with collective responsibilities and thoughts for the development of needy, especially under privileged. Cooperatives helped in the development of agriculture, banking, credit, agro-processing, storage, marketing, dairy, fishing and housing and its network covers 85 percent of rural households. It occupies a key position in
agricultural development with support in resource and input use, harvesting of water resources, marketing channels, storage facilities, distribution channels, value addition, market information and a regular monitoring network system. Cooperatives are also engaged in economic activities like disbursement of credit, distribution of agricultural inputs (seeds, fertilizers, and agrochemicals), etc. Cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. It is considered to have immense potential to deliver goods and services in areas where both the public and the private sector have failed. By and large, cooperatives (except a few large ones) are "local institutions", addressing "local needs", employing "local talent", and led by "local leaders". Cooperative societies in Nadia district have played an important role for the development of agriculture, banking, credit, agro-processing, storage, marketing, dairy, fishing and housing sectors.

In Nadia it is mostly the state government that takes lead in the formation of co-operatives at various blocks. These co-operatives play an important role in financing for agricultural as well as other agro based rural industrial field in Nadia district. For its applicability and importance on rural and semi urban people of Nadia the progress of co-operative movement is much steady. The co-operative society has large number of functions to discharge. As the name indicates its responsibility for different purpose for which it has been set up. It can work for arranging credit, improved seeds, agricultural implements, fertilizers, sanitation, health etc. for its members. Normally it discharges the following functions.

1. Making Arrangement for Credit:

The main task of the co-operative societies is to arrange for short term credit for its members in order to help them to improve their agriculture and other trade and business.

2. Encouraging the Improved Method of Agriculture:

These societies arrange supply of to the members seeds, fertilizers, agriculture implements etc. They also arrange for irrigation facilities so that the members may be able to have higher agricultural yields.

3. Marketing and Business:

These societies not only help the farmers to improve their agriculture but also help them for marketing of the goods. Through such facilities they get proper price for the agricultural products and other goods produced by its members.
4. Set up of Subsidiary Cottage and Small Scale Industries:
These societies help their members to set up other trades and industries. Though these cottage industries and small-scale industries, the economic condition of the members is improved and they are able to improve their standard of living.

5. Helping Members to Increase Their Standard of Living:
These co-operative societies by providing various types of facilities for their members, improve their standard of living. They also carry out the programme of health, education and social education. They make arrangements for health and economic facilities, education and recreation for their members.

6. Encouraging the Member for Saving:
These societies act as saving agencies and encourage their members to save a part of their income for their future needs. Through these savings, the members of such co-operative societies are able to get loans and also solve their problems.

7. Other Functions:
The Co-operative societies apart from these functions discharge the following functions:
a) Purchase various things for their members at a reasonable price and supply them. b) In order to convert the un-economic holding into economic these societies take a consolidation of holdings and co-operative farming. c) Try to solve the disputes between members through arbitration and adjudication.
Thus co-operative society discharge large number of functions for their members. The functions depend upon the interest and the object of the members. If the members are anxious to do more things, the co-operative societies can take to other function also. In 1970-71 the no. of credit societies in the district was 581 with a membership of 67112, but in 2000-01 the corresponding figures being 1178 and 249515.

Table No. 7.13. Block-wise Status of Cooperative Societies in Nadia, 2007-08

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Name of Block</th>
<th>No. of Co-operative Societies</th>
<th>No. of Members</th>
<th>Working Capital ('000 Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Karimpur-I</td>
<td>49</td>
<td>12047</td>
<td>88876</td>
</tr>
<tr>
<td>2</td>
<td>Karimpur-II</td>
<td>28</td>
<td>10145</td>
<td>34176</td>
</tr>
<tr>
<td>3</td>
<td>Tehatta-I</td>
<td>49</td>
<td>29238</td>
<td>177086</td>
</tr>
<tr>
<td>4</td>
<td>Tehatta-II</td>
<td>30</td>
<td>18681</td>
<td>46509</td>
</tr>
<tr>
<td>5</td>
<td>Kaliganj</td>
<td>57</td>
<td>15787</td>
<td>85836</td>
</tr>
<tr>
<td>6</td>
<td>Nakashipara</td>
<td>58</td>
<td>23409</td>
<td>491435</td>
</tr>
<tr>
<td>7</td>
<td>Chapra</td>
<td>48</td>
<td>21198</td>
<td>118736</td>
</tr>
<tr>
<td>8</td>
<td>Krishnaganj</td>
<td>34</td>
<td>10298</td>
<td>80863</td>
</tr>
<tr>
<td>9</td>
<td>Krishnanagar-I</td>
<td>67</td>
<td>19641</td>
<td>275187</td>
</tr>
<tr>
<td>10</td>
<td>Krishnanagar-II</td>
<td>43</td>
<td>11179</td>
<td>149276</td>
</tr>
<tr>
<td>11</td>
<td>Nabadwip</td>
<td>22</td>
<td>4135</td>
<td>10536</td>
</tr>
<tr>
<td>12</td>
<td>Santipur</td>
<td>52</td>
<td>11492</td>
<td>117028</td>
</tr>
<tr>
<td>13</td>
<td>Hanskhali</td>
<td>50</td>
<td>18989</td>
<td>158436</td>
</tr>
<tr>
<td>14</td>
<td>Ranaghat-I</td>
<td>42</td>
<td>15460</td>
<td>98829</td>
</tr>
<tr>
<td>15</td>
<td>Ranaghat-II</td>
<td>55</td>
<td>18889</td>
<td>134868</td>
</tr>
<tr>
<td>16</td>
<td>Chakdaha</td>
<td>60</td>
<td>18335</td>
<td>214310</td>
</tr>
<tr>
<td>17</td>
<td>Haringhata</td>
<td>48</td>
<td>38734</td>
<td>346393</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>792</td>
<td>297657</td>
<td>2935971</td>
</tr>
</tbody>
</table>

Source: Asstt. Register of Co-operative societies, Nadia

The cooperative believes that investment by members in the cooperative is one of the major reasons to remain cooperative sensitive to their needs and highly accountable to them. It has taken care to ensure that every member makes his savings in the cooperative. Therefore, cooperative financial base remain wide and strong where every member contributed towards a building fund, in proportion to his need for inputs. Cooperative has taken care to ensure that it has created surpluses each year and add a limited dividend to its members share capital to protect its members’ capital against inflation. The financial statements of cooperative have been presented separately with updated information every year. These statements aren’t as dry as they may at first appear. They inform the members about the steps taken for the benefit of members and cooperative and also about its growth.
Chapter VII: Financial Background for the Development

350

Fig. No. 7.9

Blockwise Distribution of Cooperative Society and MPCS, Nadia District

Data Source: District Statistical Handbook 2007

Note: MPCS refers to Milk Producers Co-operative Society.

Micro Level Planning Based on Agricultural Potentiality: A Case Study of Nadia District, West Bengal
Chapter VII: Financial Background for the Development

Growth and Fluctuations of C.D. Ratio in %

Table No. 7.14: Evolution of Central Cooperative Bank, Nadia

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Profit</th>
<th>Business</th>
<th>Business/Branch</th>
<th>Business/employee</th>
<th>Overdue Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>34.21</td>
<td>26528.67</td>
<td>1560.51</td>
<td>178.04</td>
<td>952.31</td>
</tr>
<tr>
<td>2003-04</td>
<td>51.9</td>
<td>28041.23</td>
<td>1649.48</td>
<td>200.01</td>
<td>1059.77</td>
</tr>
<tr>
<td>2004-05</td>
<td>16.78</td>
<td>29210.38</td>
<td>1718.25</td>
<td>204.27</td>
<td>1127.15</td>
</tr>
<tr>
<td>2005-06</td>
<td>26.24</td>
<td>31580.14</td>
<td>1754.45</td>
<td>237.44</td>
<td>1322.39</td>
</tr>
<tr>
<td>2006-07</td>
<td>6.33</td>
<td>34211.57</td>
<td>1900.64</td>
<td>259.18</td>
<td>1370.69</td>
</tr>
<tr>
<td>2007-08</td>
<td>5.06</td>
<td>37732.61</td>
<td>2096.25</td>
<td>288.04</td>
<td>1501.65</td>
</tr>
<tr>
<td>2008-09</td>
<td>129.23</td>
<td>43748.28</td>
<td>2430.46</td>
<td>339.13</td>
<td>1583.16</td>
</tr>
<tr>
<td>2009-10</td>
<td>388.2</td>
<td>51134.56</td>
<td>2840.81</td>
<td>419.14</td>
<td>1583.16</td>
</tr>
<tr>
<td>2010-11</td>
<td>492.48</td>
<td>61218.42</td>
<td>3601.08</td>
<td>501.79</td>
<td>1810.96</td>
</tr>
</tbody>
</table>

(Rs. In Lakh)  
Source: C.D.O (F.E.O) Krishnanagar

Fig No. 7.10  
Data Source: Source: C.D.O (F.E.O) Krishnanagar, 2011-12

Activities of Primary Agriculture Cooperative Societies: The Primary Agriculture Cooperative Societies (PACS) are the major players at the grassroots level, helping farmers with credit, inputs, marketing, advisories etc. Credit is a very powerful instrument for the empowerment of the resource-poor people. It can generate “accelerated economic growth,” when loans are easily available, properly utilized and repaid in time. A cumulative upward movement of “capital supply—increased productivity—higher real income—higher capital supply” is necessary for sustainable rural development. These PACS can play a major role in revitalization of cooperative credit structure. Urgent steps to revitalize cooperative credit institutions are required in this regard.

Micro Level Planning Based on Agricultural Potentiality: A Case Study of Nadia District, West Bengal
An attempt has been made to figure out the impact and role of cooperative banking facilities for the growth of agricultural sector of Nadia District. From the various tables mentioned above clearly signify their increasing importance and development in different sectors. In the year 2002-03 total member of cooperative society in Nadia District under different Principal Agricultural Credit Society (PACS) were 2601, which has been increased to the total number of 4789 members in the year 2010-11. It has been observed that total amount of share capital is only 455.95 lakh rupees in the year 2002-03 it has been increased to the total of 773.22 lakh rupees in the year of 2010-11. Specially in last 5 to 7 years Nadia District Central Co-operative Bank has experienced a tremendous boost and has experience a growth rate of as maximum as 26.86 percent per year.

From the table below the development and involvement of cooperative banks for the upgradation of agriculture, marketing and agro based industry in Nadia District may be observed clearly throughout different blocks of Nadia District. The impact and involvement of the cooperative banks are in different level in different blocks of the districts. Tehatta-I block containing the highest number of cooperative society member and Krishnaganj block containing lowest number of member of cooperative society. Whereas block Tehatta-I stands first from the total number of loaned member of 9524, block Nabadwip has witnessed a much lower number of loaned member. Only 869 loaned member are there in the block of Nabadwip. Much inequality and disparity in number of total member and loan disbursement throughout different blocks in Nadia district may be identified as one of the major drawbacks of the Central Co-operative banking system in this district.

<table>
<thead>
<tr>
<th>Year</th>
<th>PACS</th>
<th>Marketing</th>
<th>Total members</th>
<th>Share capital</th>
<th>Percentage Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>368</td>
<td>14</td>
<td>2601</td>
<td>455.95</td>
<td>0.09</td>
</tr>
<tr>
<td>2003-04</td>
<td>368</td>
<td>14</td>
<td>2906</td>
<td>501.55</td>
<td>3.36</td>
</tr>
<tr>
<td>2004-05</td>
<td>368</td>
<td>14</td>
<td>3109</td>
<td>539.59</td>
<td>0.52</td>
</tr>
<tr>
<td>2005-06</td>
<td>368</td>
<td>15</td>
<td>4184</td>
<td>598.75</td>
<td>5.39</td>
</tr>
<tr>
<td>2006-07</td>
<td>368</td>
<td>15</td>
<td>4507</td>
<td>642.31</td>
<td>6.07</td>
</tr>
<tr>
<td>2007-08</td>
<td>368</td>
<td>15</td>
<td>4542</td>
<td>657.59</td>
<td>10.86</td>
</tr>
<tr>
<td>2008-09</td>
<td>368</td>
<td>15</td>
<td>4639</td>
<td>688.15</td>
<td>26.86</td>
</tr>
<tr>
<td>2009-10</td>
<td>368</td>
<td>15</td>
<td>4639</td>
<td>721.53</td>
<td>19.01</td>
</tr>
<tr>
<td>2010-11</td>
<td>368</td>
<td>15</td>
<td>4789</td>
<td>773.22</td>
<td>18.3</td>
</tr>
</tbody>
</table>

(Rs. In Lakh)  
Source: C.D.O (F.E.O) Krishnanagar

Micro Level Planning Based on Agricultural Potentiality : A Case Study of Nadia District, West Bengal
Table No. 7.16. Different Aspects of Cooperative Banks in Nadia- 2011-12

<table>
<thead>
<tr>
<th>SL NO.</th>
<th>NAME OF THE BLOCK</th>
<th>PACS</th>
<th>Member</th>
<th>Loaned member</th>
<th>J.L.G</th>
<th>K.C.C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Karimpur-I</td>
<td>19</td>
<td>11939</td>
<td>3396</td>
<td>0</td>
<td>2918</td>
</tr>
<tr>
<td>2</td>
<td>Karimpur-II</td>
<td>16</td>
<td>10443</td>
<td>3291</td>
<td>15</td>
<td>3123</td>
</tr>
<tr>
<td>3</td>
<td>Tehatta-I</td>
<td>24</td>
<td>31152</td>
<td>9524</td>
<td>41</td>
<td>7665</td>
</tr>
<tr>
<td>4</td>
<td>Tehatta-II</td>
<td>19</td>
<td>15447</td>
<td>4756</td>
<td>1</td>
<td>4600</td>
</tr>
<tr>
<td>5</td>
<td>Kaligange</td>
<td>29</td>
<td>15354</td>
<td>6217</td>
<td>4</td>
<td>4046</td>
</tr>
<tr>
<td>6</td>
<td>Nakashipara</td>
<td>25</td>
<td>24903</td>
<td>7007</td>
<td>4</td>
<td>5670</td>
</tr>
<tr>
<td>7</td>
<td>Chapra</td>
<td>24</td>
<td>22128</td>
<td>6543</td>
<td>30</td>
<td>4990</td>
</tr>
<tr>
<td>8</td>
<td>Krishnanagunj</td>
<td>14</td>
<td>9219</td>
<td>2862</td>
<td>3</td>
<td>3071</td>
</tr>
<tr>
<td>9</td>
<td>Krishnanagar-I</td>
<td>27</td>
<td>21213</td>
<td>4793</td>
<td>0</td>
<td>4339</td>
</tr>
<tr>
<td>10</td>
<td>Krishnanagar-II</td>
<td>16</td>
<td>9326</td>
<td>2408</td>
<td>7</td>
<td>2349</td>
</tr>
<tr>
<td>11</td>
<td>Nabadrupur</td>
<td>10</td>
<td>2880</td>
<td>869</td>
<td>0</td>
<td>847</td>
</tr>
<tr>
<td>12</td>
<td>Santipur</td>
<td>19</td>
<td>9356</td>
<td>5960</td>
<td>0</td>
<td>5460</td>
</tr>
<tr>
<td>13</td>
<td>Hanskhali</td>
<td>19</td>
<td>19809</td>
<td>3482</td>
<td>16</td>
<td>3302</td>
</tr>
<tr>
<td>14</td>
<td>Ranaghat-I</td>
<td>18</td>
<td>15830</td>
<td>3525</td>
<td>11</td>
<td>3225</td>
</tr>
<tr>
<td>15</td>
<td>Ranaghat-II</td>
<td>17</td>
<td>15430</td>
<td>2410</td>
<td>0</td>
<td>2410</td>
</tr>
<tr>
<td>16</td>
<td>Chakdaha</td>
<td>20</td>
<td>14017</td>
<td>4780</td>
<td>11</td>
<td>3138</td>
</tr>
<tr>
<td>17</td>
<td>Haringhata</td>
<td>13</td>
<td>20525</td>
<td>4087</td>
<td>0</td>
<td>4310</td>
</tr>
</tbody>
</table>


*Note: PACS refers to Primary Agricultural Cooperative Society

7.8. Role of Kisan Credit Card in Rural Development in Nadia:
The Kisan Credit Card is a pioneering credit delivery innovation for providing adequate and timely credit to farmers under single window, with flexible and simplified procedure, adopting whole farm approach, including the short-term credit, medium term and long term credit needs of the borrowers for agriculture and allied activities and a reasonable component for consumption needs. Kisan Credit Card Scheme (KCC) aims at providing adequate and timely support from the banking system to the farmers for their short-term credit needs for cultivation of crops. This mainly helps farmer for purchase of inputs etc., during the cropping season. Credit card scheme proposed to introduce flexibility to the system and improve cost efficiency.
Beneficiaries covered under the Scheme are issued with a credit card and a pass book or a credit card cum pass book incorporating the name, address, particulars of land holding, borrowing limit, validity period, a passport size photograph of holder etc., which may serve both as an identity card and facilitate recording of transactions on an ongoing basis. Borrower is required to produce the card cum pass book whenever he/she operates the account.

**Salient features of the Kisan Credit Card (KCC) Scheme:**

- Eligible farmers to be provided with a Kisan Credit Card and a pass book or card-cum-pass book.
- Revolving cash credit facility involving any number of drawls and repayments within the limit.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing limit.
- Sub-limits to cover short term, medium term as well as term credit are fixed at the discretion of banks.
- Card valid for 3 to 5 years subject to annual review. As incentive for good performance, credit limits could be enhanced to take care of increase in costs, change in cropping pattern, etc.
- Each drawal to be repaid within a maximum period of 12 months.
- Conversion/reschedulement of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate of interest, etc. as per RBI norms.
- Operations may be through issuing branch (and also PACS in the case of Cooperative Banks) through other designated branches at the discretion of bank.
- Withdrawals through slips/cheques accompanied by card and passbook.
- Crop loans disbursed under KCC Scheme for notified crops are covered under Rashtriya Krishi Bima Yojna (National Crop Insurance Scheme), a crop insurance scheme introduced at the behest of Government of India to protect the interest of the farmer against loss of crop yield caused by natural calamities, pest attacks etc.
Advantages of the Kisan Credit Card Scheme to the farmers:

- Access to adequate and timely credit to farmers.
- Full year’s credit requirement of the borrower taken care of.
- Minimum paperwork and simplification of documentation for withdrawal of funds from the bank.
- Flexibility to draw cash at any time and buy inputs as per the need of the farmer and also to repay as and when surplus fund is available.
- Assured availability of credit at any time enabling reduced interest burden for the farmer.
- Sanction of the facility for 3 years subject to annual review and satisfactory operations and provision for enhancement.
- Flexibility of drawings from a branch other than the issuing branch at the discretion of the bank.
Fig. 7.12 has been drawn to compare the number of Kishan Credit Card holder and disbursement of loan. The correlation coefficient and the significance test of the correlation coefficient show the relation between the number of Kishan Credit Card holder and disbursement of loan to be strongly positive. The probable reason for this is that more KCC holders collect more loans which ultimately increase their amount and level of effectiveness of the fund.

**Box No. 7.6. Salient Features of Swarojgar Credit Card Scheme:**

Swarojgar Credit Card Scheme (SCC Scheme) was introduced in September 2003 consequent upon the announcement made by Hon’ble Prime Minister in his Independent Day Speech on 15 August 2003.

SCC Scheme aims at providing adequate and timely credit i.e. working capital or block capital or both to small artisans, handloom weavers, service sector personnel, fishermen, self employed persons, rickshaw owners, other micro-entrepreneurs, SHGs, etc., from the banking system in a flexible, hassle free and cost effective manner.

Borrowers in urban areas can also be covered under SCC Scheme. Small business covered under priority sector is also eligible under SCC Scheme.

Any scheme/project that is income generating/employment generating may be covered under the scheme. The facility may also include a reasonable component for consumption needs.

Farm sector activities like fisheries, dairy, etc., can also be covered under the scheme. Generally such of the self-employment activities which have regular turn-over/income stream on short-interval basis can be covered under SCC scheme.

A few new projects have been accepted for proper development and growth of cooperatives in different income generating groups and in different levels of society throughout almost every blocks of Nadia District by Central Co-operative Bank also. In the year 2006 a new project namely Joint Liability Group Project (JLG) has been accepted in which cooperative bank is lending loans to the different groups formed mainly by village women and marginal farmers to upgrade their standard of living and agricultural development. From the above table it has been also identified that the participation and development of JLG group is not working at the same level. A few blocks such as Tehatta-I and Chapra have experienced a large number of JLG group participation where in many blocks namely Kaliganj, Nakashipara, Krishnaganj minimum number of existence have been revealed. Even in a few blocks namely Karimpur-I, Krishnanagar-I, Nabdwip, Santipur, Ranaghat-II and Haringhata block have yet not experienced a single number of JLG Group participation which seems to be a fact of great concern.
Cooperatives role in poverty alleviation, food security and employment generation is well established. It is observed that cooperatives may deliver goods and services in areas where both public and private sectors have failed. A situation is emerging wherein there is a possibility of people migrating back to rural areas, as the cooperatives exhibit vast potential for generating self-employment opportunities at grassroots.

7.9. Conclusion:

Finance, being the lifeblood of every economic venture, availability of adequate funds at reasonable terms and conditions must be ensured for rapid economic development in the region. From the analysis of previous Chapter no. III, it has been revealed that agriculture, being the main stay of Nadia district holds a immense potential for future development. These can be possible by making provision of agricultural inputs which includes mechanization and modernization of agriculture, provision of irrigation, use of HYV seeds, fertilizers, pesticides and insecticides etc. All these inputs require financial assistance to the farmers. The present section deals with the specific objectives to discuss and analyse-what is the level of effectiveness of banking services that exists in these region and if it is low and inadequate in nature, what are the main causes responsible for this condition along with some measures have been also suggested to optimize the role of banks to accelerate the rate of economic development of these districts.

The government of India has made provision for financial assistance through the banking services. Though such services are available in the district, but the irony lies in the fact that inspite of the provision of banking services the infrastructure and the facilities has not come up to the desired level throughout all over the blocks of Nadia district.

Availability of adequate and timely financed resource allocation may be considered as one of the most important factors for the success of any economic activity. In this respect banking services is considered to be the essential element. Firstly banks provide opportunity to priority sectors. So, financial support that banks can provide for development linked activities are agricultural advances, agricultural allied activities indirect agricultural advances, provision of credit for small scale industries etc. In Nadia district several banks through lead bank scheme have taken several steps to provide facilities in terms of credit to the local people in different sectors so far as the development of agriculture and agro-based food processing industry is concerned.
7.9.1. Revitalisation Roadmap:
In view of the present status of cooperative credit structure in the district of Nadia, it can be measured that there has to be a clear approach on revitalisation. The approach as finally worked out rested on four pillars-

- The revival strategy should be a combination of financial restructuring and institutional reforms.
- The objective of financial restructuring is to induce regulatory, legal and administrative changes.
- The purpose of legal and administrative changes is to make cooperatives member-centric, democratic, autonomous and self-reliant institutions.

7.9.2. Implementation:
Further, the rural credit market is rapidly changing with increasing number of players, increasing competition and increasing leveraging of information technology. They have come to stay and are likely to evolve their own specialized niches; banks are increasingly becoming aggressive and collaboration with civil society organization to reach the poor; innovative group mechanism also evolving both under the SHG group methodology and under Joint Liability Group. Under such environment, cooperatives need to introspect to find ways and means to retain their market share and how to increase it over time.

Cooperatives must also bring about an attitudinal mindset overhaul leading to changes in their methods of operations. The cooperatives must innovate in terms of products and processes and embrace information technology to yield the most optimum result.

7.9.3. Measures for Enhancing the Responses:
Some measures have been suggested to optimise the role of banks to accelerate the regional development of Nadia district through the upgradation of different economic activities in general and agriculture and agro-based food processing industry in particular.

- Bank employee should be more active and their attitude must be positive for simplification of documentation so that bank credit must be available in time. From primary survey it has revealed that farmers of Nadia district are familiar enough with
mahajani system because they want to avoid banks as they not familiar with the documentation at the time of taking loans from banks.

- It can also be suggested that every village must be adopted by a particular bank (commercial or co-operative or grameen) and the bank officers must visit village, assess the credit requirement of the farmers in consultation with the local agricultural officers and the local government or Panchayat and ensure the disbursement is carried out in the village itself.

- Bank should arrange loan fair or special camp to develop the awareness about different schemes and loan facilities that can be of immense importance in the remote villages. Awareness programmes must be introduced in the villages to make people about the types of banking facilities.

- In order to provide institutional finance to the tenant farmers it may be suggested that farmers in a village be grouped as one and a seed money be provided by the government. The thrift amounts raised group plus the seed money is to be taken into consideration and credit is extended on a group guarantee and individual guarantee basis with 1:4 ratio.

- Co-operation between governmental organizations, non-governmental organizations and local people should be increased. Non-governmental organizations should be invited by government if require to make people comfortable and make them aware about the economic facilities and provisions.

- Rural development bank, Gramin bank or Central co-operative bank of Nadia district along with different commercial bank should increase their cash deposit ratio for their business and should invest more towards rural development and thus will be more beneficial to the cultivators. Banking participation as well as its effectiveness and applicability can be judged its cash deposit ratio. More CD ratio implies more beneficiaries and this is reciprocal beneficial for both the people of Nadia district and banks as well.

- Most of the villagers are staying far from block head quarters, where most of the branches are located. So, banking is to some extent inaccessible to the villagers. Accessibility of banking services require maximum 20 km ranges with efficient transport system. Along with these above mentioned strategy, long term planning should be required.
• Various entrepreneurs should be invited to establish their factories based upon agricultural resources. Prospect of agro-based food processing industry, which has been disclosed earlier in Chapter no. VI can be the best solution in this regard.

• co-operatives have played a significant role in promoting agricultural and rural development, particularly in the field of processing of agricultural produce, supply of production, inputs, credit etc. Therefore, the co-operatives, being the life blood of the agriculture-based economy of the rural areas of Nadia district, has to be consider as the mechanism for any developmental programmes. The quality and the transparency of working of the cooperatives and constant interaction with the members and general public has to be increased for future success. The co-operative movement is undergoing many changes due to the phase of liberalization, privatization and globalization.
Chapter VII: Financial Background for the Development

Selected References


Ibid. (1980).

Ibid. (1994).


Ibid. (2007).

Ibid. (2008).

Government of West Bengal, (1981), Land Utilisation and Other Statistics, Department of Agriculture, Calcutta.


Ibid. (1986-87).

Ibid.(2001-02).

Ibid.(2002-03).

Ibid. (2003-04).


Government of West Bengal, (2010-11), Annual Plan, Development & Planning Department, Kolkata.


National Bank for Agriculture and Rural Development (NABARD), (2005-06), Potential Linked Credit Plan- Nadia, West Bengal Regional Office, Kolkata.

Ibid. (2011-12).
Chapter VII: Financial Background for the Development

The Hindu Survey of Indian Agriculture 2007, (ed) N. Ram, Chennai.
Ibid 2009
Ibid 2010

The Indian Society of Agricultural Economics, (1965), Seminar On Farm Production Planning & Programming, Bombay.


United Bank of India, (1994-95), Service Area Credit Plan for Rural Areas - Nadia district, Kolkata.

Web Address

- [http://www.rural.nic.in/PMGSY.htm](http://www.rural.nic.in/PMGSY.htm) accessed on 10.06.2008
- [http://www.google.co.in/search?hl=en&noj=l&q=commission+for+agricultural+costs+and+prices+india&revid=2029486781&sa=X&ei=iKVEUeiDI8uJrAed9YGI Aw&ved=0C H4QIQoiAg&biw=1813&bih=759](http://www.google.co.in/search?hl=en&noj=l&q=commission+for+agricultural+costs+and+prices+india&revid=2029486781&sa=X&ei=iKVEUeiDI8uJrAed9YGI Aw&ved=0CH4QIQoiAg&biw=1813&bih=759) accessed on 25.08.2012
- [http://www.google.co.in/search?hl=en&noj=l&q=cost+and+return+of+agriculture+in+India&oq=cost+and+return+of+agriculture+in+India&gs_l=serp.3...126239.129570.0.130223.9.0.0.0.435.435.4-J.1.10.les%3B.0.0...1c.1.6.serp.gbPbsichJR](http://www.google.co.in/search?hl=en&noj=l&q=cost+and+return+of+agriculture+in+India&oq=cost+and+return+of+agriculture+in+India&gs_l=serp.3...126239.129570.0.130223.9.0.0.0.435.435.4-J.1.10.les%3B.0.0...1c.1.6.serp.gbPbsichJR) accessed on 16.09.2012
- [www.apeda.com](http://www.apeda.com) accessed on 20.08.2008
- accessed on 21.06.10
- [www.gujexim.com](http://www.gujexim.com) accessed on 09.11.12

Micro Level Planning Based on Agricultural Potentiality: A Case Study of Nadia District, West Bengal