

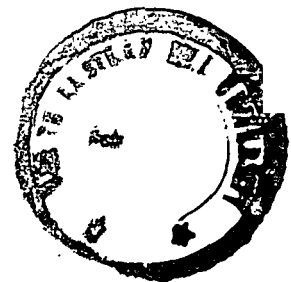
A STUDY OF AGRICULTURAL CO-OPERATIVE
CREDIT SOCIETIES IN
NORTH LAKHIMPUR SUB-DIVISION

A Dissertation

SUBMITTED
IN
PARTIAL-FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF
**MASTER OF PHILOSOPHY
IN
ECONOMICS**

Supervised by
PROF. T. MATHEW

Submitted by
PREMANANDA HOW BORA.



DEPARTMENT OF ECONOMICS
NORTH-EASTERN HILL UNIVERSITY
SHILLONG

1987

Thesis.

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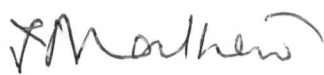
Mayurbhanj Complex
Nongthymmai Shillong - 793014 (Meghalaya)

Professor T. Mathew
Department of Economics

Certified that the subject matter of this dissertation is the record of work done by Premananda How Bora, that the contents of this dissertation did not form a basis of the award of any previous degree to him, or, to the best of my knowledge to anybody else, and the dissertation had not been submitted by him for research degree in any other University or institution.

In habit and character, Premananda How Bora is a fit and proper person for the degree of MASTER OF PHILOSOPHY (in ECONOMICS).

SHILLONG
THE 28th SEPTEMBER 1987.


(T. MATHEW)
Supervisor

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Premananda How Bora
(PREMANANDA HOWBORA)

SHILLONG

THE 28th SEPTEMBER 1987.

NORTH-LAKHIMPUR SUB-DIVISION

ARUNACHAL PRADESH

N. LAKHIMPUR

PANIGAON

LALOK

R. DIKRONG

R. SUBANSIRI

BIHPURIA

RANGANADI

DHALPUR

JORHAT DISTRICT

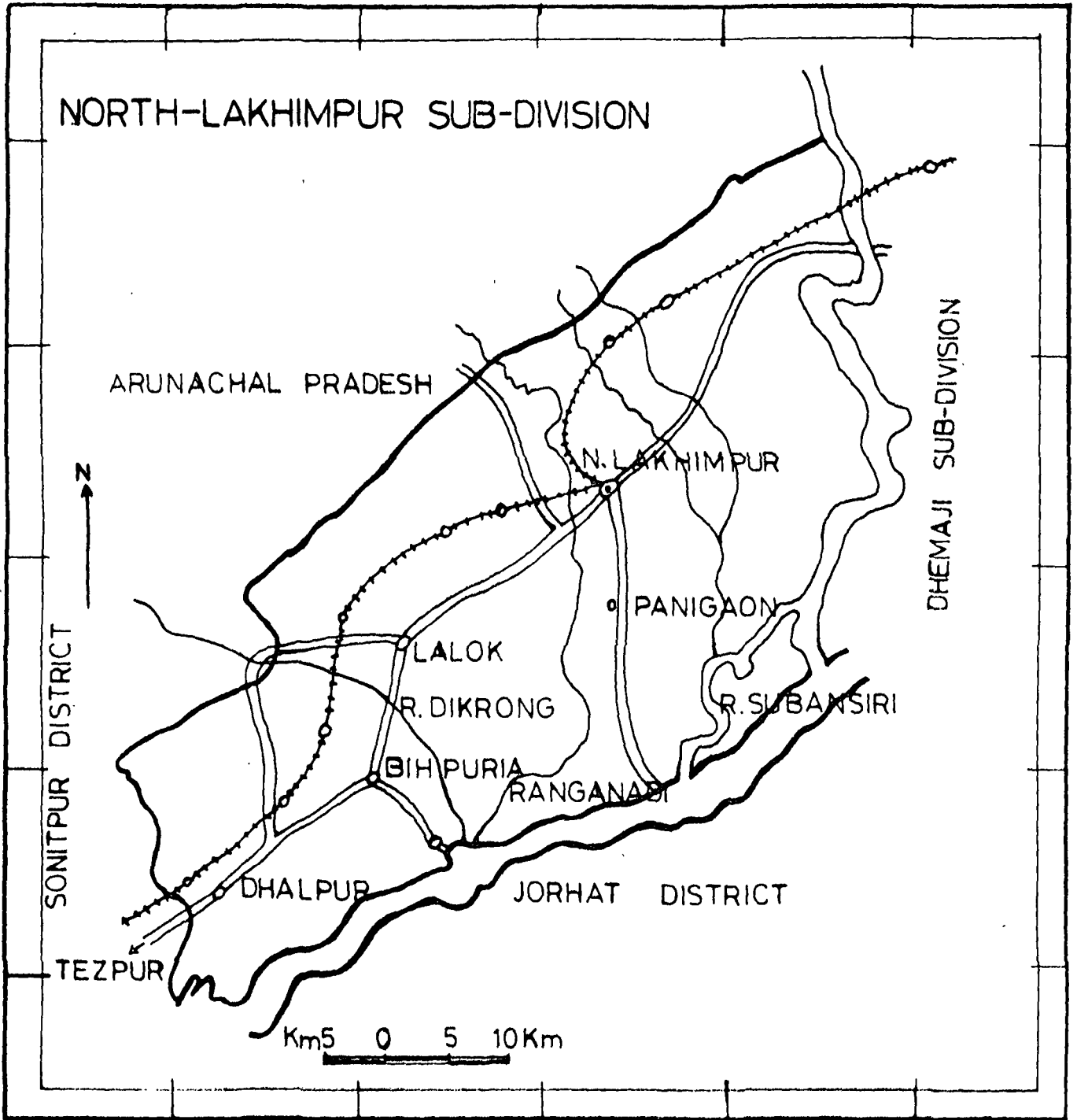
SONITPUR DISTRICT

DHEMAJI SUB-DIVISION

TEZPUR



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CHAPTER - I

INTRODUCTION

INTRODUCTION

The Problem: Its Relevance and Significance

The economy of Assam, like most States of the country remains predominantly agricultural. Development of such an economy generally depends upon the development of agriculture. Agricultural development in turn depends, among other things, on the availability of adequate credit to the farmers. This is particularly so in case of a low surplus economy like that of Assam's agricultural sector where the injection of an external fund in the form of credit can trigger off an investment process which could not have been possible in a low technology, low productivity and low investable surplus syndrome. In such a situation infusion of fresh credit into the system can lead to mobilisation and deployment of dormant resources in relatively more productive lines of activity.

In a developing country like India, the State has an important role in the promotion of agriculture. One of the effective ways of State intervention can be in terms of encouraging the Co-operative Movement in the rural sector. In order to promote Agricultural Cooperative Credit it is necessary to have a sound foundation for the Agricultural Cooperative structure. The Government can help achieve this through enacting suitable laws as well as following well

thought out policies with regard to providing financial assistance to the cooperatives.¹

The present system of Agricultural Credit in India is based on two categories of sources of finance, viz. the institutional and the private or non-institutional. The institutional sources consists mainly of cooperatives, Commercial Banks and other Regional Rural Banks. On the other hand, the non-institutional sources comprise of the professional and agricultural money lender, landlords, commission agents and the farmer's relatives and friends. There has been a remarkable expansion of the institutional sector in the country, but in spite of it, the non-institutional agencies are still continuing to play a very important role in supplying rural credit, specially credit to the agriculturists. The share of the non-institutional sector in the total borrowings of farmers has recorded a decline from more than 95% in 1952 to 85% in 1961-62, 75% in 1971-72 and about 65% in 1978.²

Review of Past Studies

From the beginning of the 20th Century problem of 'Rural Credit' have been seriously studied in our country

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1. All India Rural Credit Survey Committee, 1957, Vol. I Part II, Bombay, Chapter 20.
 2. Reserve Bank of India. Multi Agency Approach in Agricultural Finance, Report of the Working Group, 1968.

by different authorities, committees and commission under the aegis of the State and the Central Governments and the Reserve Bank of India. Most of these studies are very extensive in their coverage and general in nature dealing with the problems of the country as a whole.

All India Rural Credit Survey Committee³ enumerated in detail the credit needs of different categories of farmers of the country. The All India Rural Debt and Investment Survey⁴ highlighted the credit requirements and the pattern of investment by the farmers of the country in general.

The Agro-Economic Research Centre for North East India, studied⁵ income, savings and investment of cultivating and agricultural labour families in an agriculturally prosperous District (Nowgong) of Assam for three consecutive years. The study dealt only with many aspects of these problems.

-
3. Report of the All India Rural Credit Survey Committee, 1955.
 4. All India Rural Debt and Investment Survey, 1965.
 5. Phukan, U. Agricultural Development in Assam, 1950-51 to 1975-76. Agro-Economic Research Centre for North-East India, Assam Agricultural University, Jorhat, 1978, Introduction.

Other studies made by Thakur,⁶ Sarmah⁷ and Deka⁸ deal with the wider aspects of the role of rural credit in agricultural development. However, they have not emphasized the vital role of the Cooperative Credit Institutions in providing the much needed credit to the agriculturists. Again, they have not dealt with the link between the nationalised commercial banks working in the rural areas and Cooperative Credit Societies in the area of credit supply. Apart from these studies, Goswami's⁹ work is concerned with problems of agricultural development of Assam in general.

Scope of the Study

The Cooperative Movement in Assam made its beginning with the enactment of the Cooperative Societies Act of 1904 and has since been passing through various stresses and strains. Now a days the importance of cooperation in the economic life of the community is being felt more strongly than ever before. The cooperatives are now being assigned more and varied responsibilities. As recommended by the

-
6. Thakur, A.C. Role of Cooperatives as an Investment of Socio-Economic Progress in Assam (A Case Study of the District of Sibsagar) Ph.D. Thesis to Guwahati University, 1982, Introduction Chapter.
 7. Sarma, K.C. Rural Credit in Assam (A Case Study of Nalbari Sub-Division) Ph.D. Thesis submitted to Guwahati University 1973. Introduction.
 8. Deka, B.R. Agricultural Credit in Assam: A Study on Institutional Sources from 1951-1974. Ph.D. Thesis submitted to Guwahati University, 1984. Introduction Chapter.
 9. Goswami, P.C. Economic Development of Assam, Asia Publishing House, Calcutta, 1963, Introduction Chapter.

National Commission on Agriculture, Gaon Panchayat Level . Multipurpose Cooperative Societies (GPSS) were organised in Assam in the year 1973, more or less on the line of Farmer's Service Societies and have been given the responsibilities of channelising rural credit. Each of the GPSS was organised with an area of operation co-terminus with that of a Gaon Panchayat covering a population of about 20-25 thousand. This reorganisation of Cooperative Structure is to shoulder the societies for rendering package of services including supply of agricultural credit, consumption credit, inputs, distribution of essential commodities, marketing of agricultural produce, maintenance of Agro-Custom services. With the increase of the number of Gaon Panchayat (G.P.) from 663 to 714 more GPSS have being organised and the number as on 30.6.85 stood at 700.¹⁰

There is one State Cooperative Apex Bank, one Central Cooperative Bank and 3136 Cooperative Credit Societies (including 700 GPSS) in Assam to provide short and medium term credit facilities. And to provide long term credit for the development of agriculture, there are 16 Land Development Banks in Assam. But in spite of all these Cooperative

10. Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85. Registrar of Cooperative Societies, Assam, Guwahati, p. 55.

Credit Institutions it can be said that, these institutions have failed to provide adequate credit facilities for the development of agriculture in the State. It has made some progress in case of enrolment of membership in their fold and issuing loan upto 1983-84.¹¹

The credit requirement for agricultural activities can be divided into three categories:

- a) Short term,
- b) Medium term, and
- c) Long term.

Various Cooperative Credit Societies along with the various Cooperative Banks are now providing different types of credit facilities to the agriculturists. But in spite of all these credit agencies, the money lenders are still playing an important role in the rural credit system in the State. So, to free the farmers from the clutches of the money lenders, there should be some organisations of the farmers of their own which may provide adequate credit facilities and other inputs to the farmers for agricultural development. The Cooperative Credit Institutions no doubt can take up this task successfully.

11. Annual Progress and Performance Report on Gaon Panchayat Level Samabay Samities, Large Area Multipurpose Cooperative Societies in Assam for 1983-84. Issued by the Registrar of Cooperative Societies, Assam, September 1985, pp. 1-3.

The main focus of the present study is on the Institutional Sector especially the Cooperative Credit Institutions. The broad purpose is to examine the present working of the Cooperative Credit Societies in Assam and particularly in North Lakhimpur Sub-Division and have examined how it can be made to play its expected role in Agricultural Development, by providing credit to the agricultural sector in an integrated manner. In order to have an indepth study emphasizing local characteristics, the present study is being delimited to an analysis of the rural credit situation in the North Lakhimpur Sub-Division of Assam. The study in particular is concerned with the 'Institutional' credit agencies especially the Cooperative Credit Institutions working in the North Lakhimpur Sub-Division of Assam.

The majority of the people of the Sub-Division are primarily dependent on agriculture and therefore the development of agriculture is an important pre-requisite for the progress and development of this area. As the per capita income of the people of Assam is very low (in 1981-82 at 1970-71 prices was Rs. 546.00)¹² the agriculturists of the Sub-Division are relatively more dependent on both institutional and non-institutional finances to carry out their agricultural practices.

12. Statistical Hand Book, Assam, 1982. Directorate of Economics & Statistics, Government of Assam, Guwahati. Assam at a Glance (p. xi).

The Cooperative Movement was introduced in this part of Assam in 1904. In the year 1948 there were two Central Cooperative Banks and 59 Agricultural Credit Societies in the undivided Lakhimpur District.¹³ At present there is one Cooperative Apex Bank, one Primary Land Development Bank and as many as 22 Gaon Panchayat Level Cooperative Societies working in this Sub-Division and the branches of 7 Nationalised Commercial and Rural Banks are financing these Cooperative Societies in the rural areas.

It is more than ever realised today that a proper system of rural credit is a basis to the development and therefore, to the prosperity of the country as a whole. Of course, 'credit' is only one of the many factors that play a part in the complicated process of stepped up agricultural production. To have a substantial impact on agricultural production the provision of credit must be accompanied by and coordinated with a sufficient amount of technical advice.¹⁴

Role of Credit in Economic Development

Development of agriculture is essential for investment in industrial sector also. And industrial development indicates the economic development of the State. So, it is

13. Gazetteer of India - Assam State, Lakhimpur District (present Lakhimpur and Dibrugarh Districts) 1976, p. 277.

14. Dumm, D.A. Role of Credit in Agricultural Development, Financing Agriculture, Vol. I, No. 3.

necessary to increase production in the agricultural sector for the development of the State which will be possible by providing the agriculturists with more or required credit facilities.

In rural economy agriculture dominates and hence rural economy is primarily agricultural. Because 90% of the workers in the rural areas in India are engaged in agriculture and allied activities either as their primary occupation or secondary occupations.¹⁵ Modernisation of agriculture depends greatly on the supply of adequate finance for the application of required inputs. In case of the weaker section of the society who do not have adequate scope of investment, an efficient rural credit system is essential. But the organisations supplying such rural credit to the willing agriculturists are either inadequate or ill equipped to cope with the situations.

Rural development has been recognised as an important strategy for expediting the process of economic development in developing countries. Because of the pre-dominance of agriculture of these countries, the process of rural development is inextricably linked with the agricultural development.¹⁶ Rapid growth of population, poor level of nutrition,

15. Third of the Six Sub-Rounds conducted in the Rural Areas by N.S.S. (as quoted in India) 1964.

16. Raaman, Weitz, ed. Rural Development in a Changing World. pp. 1-3.

failure of industries to absorb employment of rural population and the realisation that a prior condition for any development is an accelerated development of the agricultural sector have contributed to this reorganisation. Cooperative credit have always been considered as best means for this agricultural development.

A United Nations Publication has stressed the need for credit for farmers when it observed -

"Most of the World's Farmers have to borrow at sometime, many of them heavily. To raise agricultural production they will have to borrow still more. And more is almost always needed where there is redistribution of rights in lands. It is thus in the interest of agriculture and essential to agriculture and general progress, that credit be available to farmers in adequate amount and at appropriate costs".¹⁷

Development of agriculture associated with adequate credit facilities which can lead to economic development. Prof. John D. Black has very rightly stated -

"If we are all concerned about increasing total agricultural output in the shorter time, we must provide credit first and foremost. This will enable them to buy more labour saving equipments, more seeds and fertilisers".¹⁸

17. Rural Progress Through Cooperatives, United Nations, 1954, p. 6.

18. Contemporary Reading in Agricultural Economics, 1955, p. 322.

The lesson of universal agrarian history from Rome to Scotland¹⁹ is that, an essential of agriculture is credit. Neither the condition of the country nor the nature of land tenure nor the position of agriculture affects one great fact that agriculturists must borrow.

In this regard the Assam State Cooperative Union's view is important. Addressing a Press Conference at the Union Office at Ulubari, Guwahati, the Chairman expressed concern that out of the All India figure of credit support to farmers in the form of short, medium and long term loan in 1984-85 by the Cooperatives, amounting to Rs. 3250 crores, Assam's share came only to Rs. 9 crores. The actual credit need of Assam as estimated by the Union is Rs. 32 crores.²⁰

Agricultural Credit has remained meaningless in Assam because it has not helped increase production and repaying capacity of the cultivators in the absence of irrigation and poor consumption of fertiliser. The Union with a view to increasing agricultural production has decided to organise a two-tier Irrigation Cooperative Structure in the State by 1988. It is further estimated that, while at least 2.7 million hectares of agricultural land in the State needed irrigation facilities only 4.9 lakhs hectares had been

19. Nicholson, F.A. Report regarding the possibility of introducing Land and Agricultural Banks into the Madras, Pondicherry, p. 46.

20. Cooperative Union urges Relaxation of Farm Credit Rules - The Assam Tribune, dated 16 July 1986.

covered by irrigation so far.²¹ It is quite obvious that without irrigation facilities and application of fertilisers, agricultural producing cannot be increased. So, credit supply is meaningless in this sense which we have observed during our field study.

In this study, we enquire into some aspects of the following: (i) Why the Non-Institutional Credit agencies are still playing an important role in the field of rural credit in the Sub-Division? (ii) In what respect Cooperative Credit Societies has failed to perform its expected role? (iii) Why the Cooperative Credit Societies have failed to provide productive loan to agriculturists. And lastly to indicate feasible measures for successful working of the Cooperative Credit Societies for the development of agriculture and economic development of North Lakhimpur Sub-Division as well as Assam.

The second chapter is a general survey of the agricultural development of the Sub-Division. We discuss the various aspects of agriculture and physical features of the Sub-Division which have a certain influence upon the agricultural development. Various crops grown, cropping pattern and size of holding which are associated with the requirement of credit for the agricultural development, and the features of agriculture with link of credit for economic development.

21. Cooperative Union urges relaxation of Farm Credit Rules - The Assam Tribune, dated 16 July 1986.

The third chapter discusses the role of Agricultural Cooperative Credit Societies, Cooperative Credit Structure, number of Cooperative Credit Societies working in the Sub-Division, relationship of Cooperative Credit Societies with other Commercial Banks allotted to the cooperative societies and the performances of the Gaon Panchayat Level Cooperative Societies towards the development of agriculture on the basis of collected informations of five Gaon Panchayat Level Cooperative Societies working in the Sub-Division.

Chapter four is devoted to an analysis of loan policies of the Agricultural Cooperative Credit Societies and their impact on the agricultural sector of North Lakhimpur Sub-Division on the basis of primary data collected from the loanee households of 'Telahi Gaon Panchayat Level Samabay Samity Ltd.'

The fifth chapter gives the summary of our findings and attempts to specify some policy implications emanating from the study.

CHAPTER - II

AGRICULTURE IN THE NORTH LAKHIMPUR

SUB-DIVISION

AGRICULTURE IN THE NORTH LAKHIMPUR SUB-DIVISION

In this chapter we discuss some aspects of agriculture in North Lakhimpur Sub-Division such as the credit needs for agricultural development, the different crops grown, the cropping pattern and the size of the land holding etc. However, before we attempt such a review, we think it is useful to look at the location and physical features of the sub-division in the context of its agricultural sector. In the first part of the chapter we try to gather something like a rough idea about the North Lakhimpur sub-division and to take a passive look at some of the features of agriculture in the sub-division. In the second part of the chapter, our attempt is to look somewhat in an analytical manner at the land holding, the crops grown, the cropping pattern and link them all with credit requirements and facilities.

Part I

Physical Features of North Lakhimpur Sub-Division

North Lakhimpur Sub-division is situated in between the Lohit tributary of the river Brahmaputra in the South and the geographical boundary of Arunachal Pradesh on the North and bounded by the Dhemaji¹ and Biswanath² sub-divisions in the East and West respectively.

-
1. Dhemaji is one of the sub-Divisions of Lakhimpur District.
 2. Biswanath is a sub-division of recently created Sonitpur District.

Area and Administrative Division

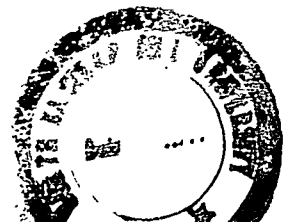
The North Lakhimpur Sub-division extends over an area of 2323 sq. Km. consisting of two Revenue circles,³ four Community Development Blocks, twenty two Gaon Panchayats, twenty two Gaon Panchayat Level Multipurpose Cooperative Society and eleven Mauzas. The whole Sub-division is covered by two Police Stations viz. Bihpuria and North Lakhimpur. The administrative headquarter of the sub-division is at the North Lakhimpur town.

Physical Features and Geology

The Sub-division lies in between $26^{\circ}49'$ and $27^{\circ}33'N$ and $93^{\circ}46'$ and $94^{\circ}41'E$ with an area of 2323 sq.km. Situated at the foot-hills of the Himalayas in the North, the sub-division exhibits a gradual decline in level towards south upto Lohit Suti. The sub-division is a heterogeneous one and composed of hilly lands, lowlands and level plains.

The plain is of alluvial origin, consisting of a mixture of clay and sand in varying proportions. The hills of the Himalayas which lies on the northern part of the sub-division, belong to the tertiary period and are composed of sandstones and shales.

3. North Lakhimpur Sub-division is having two Revenue Circles viz. North Lakhimpur and Bihpuria.



Population

According to 1971 Census the population of the Sub-division is 3,98,425. The same as on October 1979⁴ has been estimated at 5.15 lakhs and account for about 55 per cent of the total population of the District. The Sub-division has a large concentration of tribal people like the Mishing, Deuri, Kachari etc. Table 2.1 gives us an idea about the population of the Sub-division and the District.

Table - 2.1: Population of the District and the Sub-Division (in thousand)

Year	District	Sub-Division
1970-71	712	398
1971-72	727	400
1972-73	748	413
1973-74	773	427
1974-75	798	441
1975-76	823	455
1976-77	849	469
1977-78	876	484
1978-79	903	499
1979-80	931	515
1980-81	959	530

Source: Sub-Divisional Statistical Hand Book, 1980, North Lakhimpur, p. 14. Table No. 1.14.

4. Sub-Divisional Statistical Hand Book, 1980, North Lakhimpur.

Density

The Sub-division with 2.95 p.c. area of the State whether about 2.73 p.c. of the State's total population.⁵ Thus according to 1971 Census, the density of population per sq.km. in the Sub-division is 171 person as against 186 person for the State.

Rural and Urban Composition

The Sub-division has a total of 373,075 rural and 25,350 urban population as per 1971 Census. Thus nearly 94 p.c. of the population live in villages. The table 2.2 will give a picture about the rural and urban population of the sub-division according to the total geographical area.

Table - 2.2: Total Area, Rural and Urban Composition of the Sub-division

Thana	Total Rural Urban	Geographi- cal Area (Sq. Km.)	Population		
			Total	Males	Females
North Lakhimpur	Total	1525.5	221,702	118,274	103,428
	Rural	1511.8	201,608	105,986	95,622
	Urban	13.7	20,094	12,288	7,806
Bihpuria	Total	797.7	176,723	92,248	84,475
	Rural	792.3	171,467	89,229	82,238
	Urban	5.4	5,256	3,019	2,237
Total	Total	2323.2	398,425	210,522	187,903
	Rural	2304.1	373,075	195,215	177,860
	Urban	19.1	25,350	15,307	10,043

Source: Census, 1971. Table No. 1.03 of Statistical Hand Book of North Lakhimpur, 1980, p.2.

5. A Brief Review of the Economy of North Lakhimpur Sub-Division, 1979-80, p.3.

Population of Scheduled Caste and Scheduled Tribes

The Scheduled Caste and Scheduled Tribe population in the Sub-Division is 28,625 and 73,053 respectively (1971 Census) constituting 7.18 p.c. and 18.33 p.c. respectively. The scheduled caste and scheduled tribe population together account for 25.51 p.c. of the total population of the sub-division which is much higher than that of State figure of 17 p.c. Table No. 2.3 will give a clear picture about the scheduled caste and scheduled tribe population of the Sub-division as well as of the State.

Literacy

The percentate of literacy in the Sub-Division, according to 1971 Census is 29.6 consisting 38.9 for males and 19.8 for females. It is worthwhile to note that the p.c. of literacy in the Sub-Division is higher than the literacy rate (28.1 p.c.) of the State as a whole. Table No. 2.4 will clear the position of literacy in the Sub-Division.

Irrigation

Timely and assured water supply to the various crops is an essential factor for increasing agricultural production. But North Lakhimpur Sub-Division is very poor in irrigation facilities. Although about 90 p.c. of the total population of the Sub-Division are engaged in cultivation, there are hardly any major irrigation projects to provide the

Table - 2.3: Scheduled Caste and Scheduled Tribe population of the Sub-division and State

Thana	Scheduled Caste		Scheduled Tribe		P.C. of total population of the Sub-Division		Total population of the State		
	M	F	M	F	SC	ST	SC	ST	
									Total
North Lakhimpur	9216	8346	23,773	22,958	46,731	4.40	11.72		
Bihpuria	6227	4836	13,293	13,029	26,322	2.78	6.61	912,557	1,606,648
Sub-Division's Total	15443	13182	37,066	35,987	73,053	7.18	18.33		

Source: Census, 1971, Table No. 1.07, Statistical Handbook of North Lakhimpur Sub-Division, 1980, p.5.

Table 2.4: Literate and Literacy percentage in the Sub-Division

Thana	Literate & Literacy			P.C. of Literacy 1961			P.C. of Literacy 1971			
	Total	Literate		Total	P.C. of Literacy		Total	P.C. of Literacy		
		M	F		M	F		M	F	
North Lakhimpur	Total	44,242	18,114	62,356	38.98	17.53	29.44	37.41	17.51	28.12
	Rural	36,250	14,135	50,385	38.45	15.47	28.12	34.20	14.78	25.00
	Urban	7,992	3,979	11,971	48.86	77.19	58.55	65.04	50.97	59.57
Bihpuria	Total	37,638	17,850	55,488	43.44	17.52	31.39	40.80	21.13	31.40
	Rural	35,956	16,981	52,937	43.00	17.07	30.92	40.30	20.65	30.87
	Urban	1,682	869	2,551	60.44	37.78	50.84	55.71	38.81	48.53
Total of the Sub-Division	Total	81,880	35,964	117,844	41.04	17.53	30.36	38.90	19.14	29.58
	Rural	72,206	31,116	103,322	40.58	16.25	29.46	36.99	17.49	27.69
	Urban	9,674	4,848	14,522	52.31	62.37	56.02	63.20	48.27	57.28
Total of the State	Total	7,714,240	-	14,625,152	-	-	-	-	18.6	28.1
	Rural	6,975,131	-	13,335,930	-	-	-	-	-	-
	Urban	739,109	-	1,289,222	-	-	-	-	-	-

Source: Census, 1961, 1971. Table 1.10, Statistical Handbook of North Lakhimpur Sub-Division 1980.

facilities for double or multiple cropping. Irrigation has recently got importance in the sub-division. The major sources of irrigation are river, tank and ground water. Some river projects have been undertaken in various parts of the sub-division. These are:⁶

- | | |
|--|-----------------|
| 1. Simaluguri, D.T.W. (Deep Tube Well) | Ongoing Scheme. |
| 2. Ranganadi L.I.S. L/B (TAD) | " " |
| 3. Ranganadi L.I.S. R/B (TAD) | " " |
| 4. Sisapathar L.I.S. from Dikrong river | " " |
| 5. Barbali L.I.S. from Dikrong river | " " |
| 6. Gatulibari Balipukhuri D.T.W. | " " |
| 7. North Lakhimpur TAD Shallow Tube Wells. | Completed. |

The irrigation potential created in the sub-division during 1979-80 was 1599 hectares against which the utilisation was only 161.0 hectares for kharif crops and 3.3 hectares for rabi crops. However, in the previous year the total potential created was 2169 hectares of which utilisation was 154 hectares for kharif and 162 hectares for rabi crops.⁷

-
6. The Irrigation Department of North Lakhimpur Sub-Division has undertaken some river projects under the scheme of Tribal Area Development (TAD), in the left and right bank of river Ranganadi (L/B & R/B). These are under Lift Irrigation Scheme (L.I.S.).
7. A brief review of the economy of North Lakhimpur 1979-80, Office of the Statistical Officer, North Lakhimpur, p.6.

Cooperation

The total number of cooperative societies in the year 1979-80 were 384 with 47,390 members. Out of these 42 belong to credit societies and the rest are non-credit societies. The number of cooperative credit societies has decreased to 22 and members have increased to 51,149 in the year 1984 as against 1979-80.

Various Features of Agriculture in N.L. Sub-Division

Assam is predominantly rural in character and agriculture is the main sources of income for its population. Agriculture in the State of Assam has been playing a very important role by way of contributing more than 50%⁸ to the net State domestic product and can say, is a single source of employment to the rural people of the State which is equally true in case of North Lakhimpur.

Features of Agriculture in the N.L. Sub-Division

Agriculture is the major sources of income providing livelihood to about 90 p.c. population of the sub-division. Flowing of various rivers and its tributaries through this area makes its situation a bit different from other areas of the State. By nature about 90% of the rural population are agriculturists or they directly or indirectly depend upon agriculture for their livelihood.

8. Economic Survey of Assam 1982-83. Directorate of Economics & Statistics, Government of Assam, p. 7.

Rainfall and Flood

This may be called as an important feature of the North Lakhimpur Sub-Division which might affect ultimately in the development of agriculture. The following tables will analyse this aspect i.e., what is the effect of rainfall and consequent flood upon the development of agriculture in the Sub-Division.

Table - 2.5(A): Centrewise Annual Total Rainfall in Assam (in millimetre)

Centre	1979	1980	1981
1. Goalpara	-	-	-
2. Dhubri	2,132	832	1,158
3. Guwahati	1,335	1,557	1,434
4. Rangia	1,818	958	1,125
5. Tangla	1,992	909	1,137
6. Majbat	2,234	1,220	1,354
7. Tezpur	1,442	1,645	1,451
8. Gahpur	-	154	546
9. Chapamukh	2,132	-	1,563
10. Lumding	924	591	734
11. Sibsagar	-	-	332
12. Dibrugarh	1,941	2,146	2,057
13. Digboi	-	-	-
14. North Lakhimpur	2,797	3,071	2,493(2787)
15. Silchar	1,792	1,789	2,361
16. Haflong	1,370	942	713

Source: Statistical Handbook, Assam, 1982.

Table - 2.5(B): Monthly total rainfall of Lakhimpur Centre

Month	Years		
	1978	1979	1980
January	4	25	4
February	69	2	44
March	52	12	130
April	65	97	126
May	434	227	295
June	642	390	275
July	489	681	632
August	512	562	562
September	380	544	352
October	124	168	66
November	111	28	00
December	00	61	00
Annual Total	2,882	,2797	2,531

Source: Meteorological Centre, Guwahati, Statistical Handbook of North Lakhimpur Sub-division, 1980, Table No. 2.1.

It is clear from the above tables that North Lakhimpur on an average receives highest amount of rainfall in a year, the three years average (1979-81) being 2,787 mm. Heavy rainfall within a few months from June to September results in water logging and floods. This is the most important natural feature which influences agriculture in the North Lakhimpur Sub-Division.

Rainfall is the greatest single factor governing the cropping pattern and agricultural practices in the Sub-division. Related to rainfall, there is the problem of flood. During the post-independence period, the sub-division has been hit by devastating floods in 1950, 1954, 1962, 1968, 1970, 1973 and 1974. These recurrent floods have adversely affected the tempo of economic development and as a result the growth of agricultural output has suffered in the sub-division.

Sometimes, there may occur drought condition in the sub-division due to less rainfall from October to March. So, production of Rabi crops during the period is not at all satisfactory. In this way from the table No. 2.5 (A&B) we will have an idea about the role of rainfall in the agricultural development in the Sub-Division.

Plains Tribal Population

Another feature of agriculture is that the Sub-division is predominantly inhabited by plains tribal people in 15 Gaon Panchayat Level Multipurpose Cooperative Societies fall under Tribal sub-plan area where most of them are agriculturists.⁹

9. Report of the Integrated Tribal Development Project, North Lakhimpur, No. 17, 1983.

Problems of Agricultural Development

Modernisation or development of agriculture depends especially on the adequate finance for the application of required inputs. In case of the weaker section of the society who do not have adequate scope of investment, an efficient rural credit is essential. But the organisations supplying such rural credit to the willing agriculturists are either inadequate or ill equipped to cope with the situations. Supply of fertiliser, seeds or H.Y.V. (High Yielding Variety) proper and timely dissemination of new innovations and technical knowhow of different types of cropping through effective and easily available means will inspire agriculturists to be progressive.

The role of credit in agricultural production as well as agricultural development is generally increasing more so in the context of adoption of new technology. But the flow of credit through Government agencies, Banks and Co-operative Organisations have not been adequate. Indian agriculture as well as agriculture of Assam is characterised by the marginal and subsistence farming by the millions of small farmers. Like the other Indian farmers the farmers of Assam also suffers from lack of financial resources and look up to money lenders or to relatives and friends for carrying out their productive programme.

In Assam, the finances required for agricultural operation as well as development of agriculture can be divided into three categories:

- a) Short term agricultural credit (for period upto 15 months).
- b) Medium term agricultural credit (for period more than 15 months and upto 5 years).
- c) Long term agricultural credit (for period more than 5 years).

During our study in the North Lakhimpur Sub-division we found that there are 22 Gaon Panchayat Level Multipurpose Cooperative Societies providing short and medium term credit to the needy people i.e., agriculturists of the sub-division. There are another Cooperative Organisation known as Land Development Bank to provide long term credit facilities to the cultivators of the sub-division.

Although there are various institutional credit agencies to finance the agriculturists, the money lenders are still dominating the rural credit system. Because the institutional credit agencies are still not in a position to provide entire credit requirement of the farmers of the sub-division. There are both professional and non-professional money lenders in Assam as well as in North Lakhimpur sub-division. We found in this part of Assam, a number of persons

engaged in other occupations also practise money lending. They may be termed as non-professional money lenders. It is interesting to note that a good proportion of such non-professional lenders are Government employees. They generally grant loans against the security of land and gold. It is also interesting to note that the illiterate cultivators or the small farmers heavily depend on this source of credit.

From the following table No. 2.6 we will have an idea about the role of Non-Institutional credit agencies working in the country for the agricultural development of the nation which was worked out by the All India Rural Credit Survey Committee.

Table - 2.6: Borrowings of cultivators for different sources (in percentage)

Credit Agency	1951-52	1961-62
1. Money Lenders	69.7	49.2
2. Traders and Commission Agents	5.5	8.8
3. Relatives	14.2	8.8
4. Cooperatives	3.1	15.5
5. Government	3.3	2.6
6. Other agencies	4.2	15.1
Total	100.00	100.00

Source: All India Rural Credit Survey Committee 1957.

It is evident from the above table that in 1951-52 two most important sources of rural credit were money lenders and borrower's relatives who between them accounted for about 84 p.c. of the total credit. The credit supplied by the three institutional agencies viz. Government, Co-operatives and the Commercial Banks was insignificant. But over the decade things have changed significantly. Share of money lenders and relatives fell from about 84 p.c. to 58 p.c. whereas contribution of cooperative societies rose from 3.1 p.c. to 15.5 p.c. Other agencies whose share in rural credit increased during the decade were traders and commission agents and other agencies, while the share of the Government fell down from 3.3 p.c. to 2.6 p.c. The table 4.3 will clear it by showing that the non-institutional credit agencies are still playing an important role in the field of rural credit by supplying about 40 p.c. of the total requirement of credit.

Part II

Landholding, Various Crops grown, Cropping pattern and their link with credit

In part I of this chapter, we have shown some peculiar features of North Lakhimpur Sub-division. The agricultural operation and the economy of the sub-division depend to a large extent on these peculiar features. Here, we will analyse the total landholdings, various crops grown, productivity of various crops, cropping pattern and finally link it

with credit. We will try to establish our hypothesis that there is a close relationship between agricultural production and credit.

The tables given will give an idea about the landholding, total area under cultivation, cultivation of various crops and production of various crops in the sub-division.

In the year 1976-77, the total area under cultivation was 86 thousand hectares covering 37 p.c. of the total geographical area of the sub-division. In the year 1977-78, the area under cultivation increased to 106 thousand hectares (45 p.c. of the geographical area) and in the year 1978-79, the same further increased to 109 thousand hectares (47 p.c. of the total geographical area).

Table 2.7: Total Area under Cultivation in North Lakhimpur Sub-Division (in hectares).

Year	Total Area (N.L. Sub-division)
1976-77	86,000
1977-78	1,06,000
1978-79	1,09,000
1979-80	1,29,000

Source: Office of the Statistical Officer, North Lakhimpur Sub-Divisional Statistical Handbook 1980.

This table shows that there is a tendency of involving the people in agricultural activity. The total cultivable area during 1976-77 was 86 thousand hectares which increased to 129 thousand hectares in 1979-80. This might be due to growing population. To meet the growing demand for foodstuff of the people, the need for more agricultural produce is quite obvious. To grow more foodgrain to meet the demand of the people, requirement of finance or credit will automatically be increased. So, the Agricultural Credit Institutions have to do a lot for the agricultural development of the Sub-division.

Cropping Pattern and Cropping Intensity

Winter Paddy, commonly known as 'Sali', is widely cultivated throughout the Sub-Division as a major crop. Its area was 58,600 hectares in the year 1979-80 as against 59,600 hectares in the year 1978-79. It covers 65 p.c. of the total cultivable area.

Autumn Paddy which is known as 'Ahu' is the next popular major crop in the sub-division covered an area of 9,600 hectares in 1979-80 against 12,800 hectares in 1978-79. The decreased in area of both the crops (1.5 p.c. in winter paddy and 2.5 p.c. in autumn paddy) was due to the drought condition that prevailed in the Sub-division in the year 1979-80.¹⁰

10. A Brief Review of the Economy of North Lakhimpur 1979-80. Office of the Statistical Officer, North Lakhimpur, p. 4.

Recently, more emphasis has been given by the Agriculture Department of the Sub-Division to increase the production of wheat. It covers an area of 1,030 hectares in 1978-79 which increased to 1,560 hectares in 1979-80.

The area under other cereals are quite insignificant. The major popular pulses cultivated in the Sub-division are: (1) Matimah, (2) Masur, (3) Mugmah, (4) Peas etc. The area under pulses was 2,380 hectares in 1978-79 and 2,540 hectares in 1979-80. The increase was 6.7 percent over the last year.

In respect of cash crops the most popular one is jute. It covers an area of 1,530 hectares in 1978-79 and in 1979-80; it rose to 1,700 hectares recording to a rise of 11 p.c. over the year. Table 2.8 will reveal the picture of some principal crops with areas in the Sub-Division.

Table 2.8: Cultivation of various crops in North Lakhimpur Sub-division (in hectares).

Year	Winter Paddy	Autumn Paddy	Cereals	Jute	Wheat
1974-75	54,000	10,500	1,200	1,200	1,090
1975-76	61,100	13,000	1,300	1,290	1,150
1976-77	56,500	12,800	1,395	1,400	1,200
1977-78	59,500	10,500	1,415	1,480	1,450
1978-79	59,600	12,800	2,380	1,530	1,030
1979-80	58,600	9,600	2,540	1,700	1,560

Source: Directorate of Economics & Statistics, Government of Assam, Guwahati, and Sub-Divisional Statistical Handbook, North Lakhimpur, 1980.

The following table shows the production of various crops in the North Lakhimpur Sub-Division.

Production of crops: The production of winter paddy which was 98,802 tonnes in the year 1978-79 fell to 96,683 tonnes in 1979-80 showing a decrease by 2.1 p.c. over the year. The production of Autumn paddy registered a marked fall (48.5 p.c.) from 16,222 tonnes in 1978-79 to 8,341 tonnes in 1979-80.

The jute production in the Sub-division increased from 11,977 bales in 1978-79 to 13,081 bales in 1979-80. The rate of increase was 39.9 p.c.

The production of mustard which was 7,358 tonnes in 1978-79 declined to 4,642 in 1979-80. The p.c. of decrease was 36.9 p.c. However, the production of potato rose from 10,989 tonnes in 1978-79 to 15,378 tonnes in 1979-80 (The increase was 39.9 p.c.).

Table - 2.9: Production of various crops in the Sub-Division (in tonnes and in bales)

Year	Winter paddy	Autumn paddy	Jute	Mustard	Potato
1974-75	67,658	10,136	8,220	4,439	4,008
1975-76	80,441	12,447	9,940	3,632	11,028
1976-77	65,671	10,932	9,357	2,959	1,036
1977-78	73,905	8,565	8,099	4,338	6,122
1978-79	98,802	16,222	11,977	7,358	10,989
1979-80	96,683	8,341	13,081	4,642	15,378

Source: Directorate of Economics & Statistics, Government of Assam, Guwahati & Sub-Divisional Statistical Handbook, North Lakhimpur, 1980, p. 20.

Government of Assam has taken various steps to increase agricultural production. Development of agriculture represent the development of industries as well as economic development. But, production of various principal crops in Assam and in North Lakhimpur Sub-division is not enough to establish various industries based on agricultural production. Table 2.10 and 2.11 reveal the yield of some principal crops in the North Lakhimpur Sub-Division and Assam respectively.

Table 2.10 reveals the yield of some principal crops in North Lakhimpur Sub-division and table 2.11 in Assam. In table 2.10 we observe a fluctuating as well as decreasing tendency of yield rate per hectare during the period from 1974-80. During the period 1975-76 yield of winter paddy (Sali) was 1337 kg. per hectare which decreased to 1089 kg in 1979-80. Yield of autumn paddy (Ahu) was 973 kg in 1975-76 which fell to 512 kg in 1979-80. In this way, the table shows either a decreasing or fluctuating tendency of all the principal crops in the sub-division. This might be the result of some reasons: (1) Lack of proper credit supply to production, (2) Less use of fertiliser and High Yielding Varieties (HYV), (3) Ignorance of the cultivators, (4) Unfavourable climatic condition, (5) Lack of adequate irrigation facilities for Rabi cultivation etc.

Table - 2.10: Yield of some principal crops in North Lakhimpur Sub-Division
(per hectare - in Kg.)

Year	Rate of Production							
	Winter paddy	Autumn paddy	Wheat	Pulses	Sugarcane	Potato	Mustard	Jute
1974-75	1,272	981	1,260	396	3,418	4,008	906	1,233
1975-76	1,337	973	1,371	366	4,620	6,564	708	1,387
1976-77	1,180	868	1,213	382	4,609	1,035	639	1,203
1977-78	1,161	829	1,271	412	2,652	3,601	699	985
1978-79	1,094	747	1,112	413	2,859	4,928	1,022	1,409
1979-80	1,089	512	1,160	386	2,553	5,009	652	1,385

Source: Directorate of Economics and Statistics, Guwahati and Sub-Divisional Statistical Handbook, North Lakhimpur, 1980, p. 21.

Table - 2.11: Yield rate of some selected crops in Assam (Kg per hectare)

Crops	1960-61	1970-71	1976-77	1977-78	1978-79	1979-80	1980-81
Winter Paddy	1,046	1,126	1,067	1,148	1,084	1,004	1,228
Autumn Paddy	713	729	651	728	705	548	841
Wheat	824	583	1,100	1,154	1,015	1,122	1,158
Sugarcane	34,403	37,217	35,805	31,489	34,621	35,698	35,833
Potato	4,784	4,524	4,823	4,076	5,087	5,204	5,853
Rape and Mustard	381	410	357	400	437	455	481
Jute	1,229	1,305	1,202	985	1,409	1,385	1,463

Source: Directorate of Economics and Statistics, Guwahati, Assam.
Sub-Divisional Statistical Handbook, North Lakhimpur 1980.

The another table 2.11 also indicates the same thing. But from this table we come to know that there is an increasing tendency of all the selected crops during the period from 1960-1981. It is true that some people of some districts of Assam are welcoming to modern techniques of production. So the average increase of different crops become possible in the State. It would be possible to get more yield with the help of required credit and other inputs to be applied in agricultural field.

The table 2.12 and 2.13 will give a clear picture to compare North Lakhimpur (Lakhimpur) District with other Districts of Assam regarding the use of Fertiliser and High Yielding Varieties (HYV).

Table-2.12: Districtwise Consumption of Fertiliser (for all crops) in Assam (in tonnes).

Year/District	N	P	K	Total
1977-78	5139.20	286.00	751.00	6176.20
1978-79	6757.00	372.00	755.00	7884.00
1979-80	5560.00	731.00	470.00	6761.00
1980-81	6996.00	1430.00	1499.00	9925.00
Goalpara	512.00	150.00	131.00	793.00
Kamrup	820.00	225.00	268.00	1313.00
Darrang	1558.00	203.00	183.00	1944.00
Nowgong	663.00	135.00	141.00	939.00
Sibsagar	940.00	168.00	163.00	1271.00
Lakhimpur	294.00	96.00	110.00	500.00

Table - 2.12 (Contd.)

Year/District	N	P	K	Total
Dibrugarh	895.00	127.00	288.00	1310.00
Cachar	1265.00	316.00	194.00	1775.00
Karbi Anglong & N.C. Hills	49.00	10.00	21.00	80.00

Source: Directorate of Agriculture, Khanapara, Assam.
Table 3.11, Statistical Handbook, Assam, 1982.

Table-213: District wise area under High Yielding Variety of Paddy in Assam (in hectares).

Year/District	Ahu	Sali	Boro	Total
1977-78	122,575	419,341	-	531,916
1978-79	95,234	453,000	-	548,234
1979-80	73,937	384,294	-	458,231
Goalpara	15,165	62,154	-	77,319
Kamrup	14,221	50,000	-	64,221
Darrang	5,510	34,100	-	39,610
Nowgong	14,285	59,000	-	73,285
Sibsagar	5,840	57,583	-	63,423
Lakhimpur	4,200	28,000	-	32,200
Dibrugarh	2,505	22,040	-	24,545
Cachar	10,557	54,944	-	65,501
Karbi Anglong	1,654	14,973	-	16,627
N.C. Hills	-	1,500	-	1,500

Source: Directorate of Agriculture, Khanapara, Assam.
Statistical Handbook, Assam 1982, p. 80.

The table 2.12 shows the habit of using fertiliser by the agriculturists are increasing during the period from 1977-81. The total uses of fertiliser for all the crops in Assam was 6176.20 tonnes during 1977-78 which increased to 9925.00 tonnes during the period 1980-81; which prove that the agriculturists of the State are cooperating with the Government's policy to increase more in the field of agricultural production. But our study is concentrated in the agricultural development of the North Lakhimpur Sub-division of Lakhimpur District. In the case of Lakhimpur District the uses of fertiliser is not satisfactory in comparison to other Districts of the State. In Lakhimpur District, the uses of fertiliser is only 500.00 tonnes whereas in Goalpara District it is 793.00 tonnes which is also a backward District of Assam. Darrang District¹¹ which occupies the top position (1944.00 tonnes) in case of uses of fertiliser in the cultivable land by the agriculturists of the District. There might be some reasons in case of using less fertiliser by the agriculturists of Lakhimpur District. The District is by nature a flood effected District and more than 17 p.c. of the total population of the District are tribal. The habit of using fertiliser in the cultivable land are still uncommon to them. They do not want to use fertiliser in their

11. The Old Darrang District was divided into Darrang and Sonitpur Districts in 1983.

agricultural fields because their lands itself are fertile in their views. On the other hand, if they use it, it will be meaninffless as because it will be washed out by flood water. So, that might be the reason of using less fertiliser in the District in comparison to other districts of the State.

Another table 2.13 shows the area under High Yielding Varieties of paddy in Assam. This table also gives us a picture of both increasing and decreasing tendency in adoption of High Yielding Varieties of paddy in Assam during the period 1979-80. During the period 1977-78, total area under HYV of paddy in Assam was 531,916 hectares which increased to 548,234 hectares in 1978-79. Again from the table we see that total areas under HYV has decreased to 458,231 hectares during the period 1979-80. This is not a good indicator for agricultural production. Goalpara and Nowgong Districts of Assam are occupying first and second position in the field of adoption of High Yielding Varieties. Lakhimpur District covers an area of 32,200 hectares under HYV of paddy. It is obvious that agricultural production cannot be increased without the applications of HYV and fertiliser which is still to be welcome by the agriculturists of Assam as well as North Lakhimpur Sub-division of Lakhimpur District.

Expectation of high production is meaningless without using High Yielding Varieties (HYV) and Fertiliser in agriculture. So, the concerned Agricultural Credit institutions should give a keen interest in the application of HYV and Fertiliser while they are giving loan to the agriculturists for the development of agriculture

Table 2.14 and 2.15 reveal the picture of using HYV and fertiliser by the agriculturists of North Lakhimpur Sub-Division.

Table - 2.14: Area under High Yielding Variety of Paddy in the Sub-Division (in hectare).

Year/Development Block	Area		
	Autumn Paddy (Ahu)	Winter Paddy (Sali)	Wheat
1975-76	-	-	1,150
1976-77	-	-	689
1977-78	3,884.5	16,692.5	1,053

1977-78

1. Lakhimpur Dev. Block	1,020.5	2,563.0	-
2. Bihpuria " "	1,251.0	2,952.0	-
3. Narayanpur " "	578.5	8,217.5	-
4. Nowbaicha " "	1,034.5	2,930.0	-

Source: Sub-Divisional Statistical Handbook, North Lakhimpur 1980.

Table - 2.15: Consumption of Fertiliser (in percentage)

Year	All India	Assam	North Lakhimpur
1979-80	29.8	2.4	1.6

Source: Office of the Statistical Officer, North Lakhimpur, A Brief Review of the Economy of North Lakhimpur, 1979-80.

The tables 2.14 and 2.15 show that adoption of High Yielding Varieties and consumption of Fertiliser in the Sub-Division are adopting HYV in agriculture very recently. The popular varieties of Winter Paddy are - Monohar Sali, I.R.-8, Joya etc; for Autumn Paddy the only popular variety is Pusa and for wheat - Sonalika and Kalyani Sona are the two popularly used HYV in the Sub-division. The area under HYV in the year 1977-78 was 3,884.5, 16,692.5 and 1,050 hectares respectively for Autumn paddy, Winter paddy and wheat. There are four Community Development Blocks in the Sub-Division. The cultivators of Bihpuria Development Block use more HYV in Autumn paddy (1251.0 hectares) whereas Narayanpur Development Block use more in Winter paddy (8217.5 hectares), but it is below the State average.

In case of uses of fertiliser we observed that the cultivators of the Sub-division use comparatively less amount of fertiliser in their agricultural lands which is far below the All India percentage (29.8%) and below the percentage of the State (2.4%) itself (Table 2.15).

Agriculture in the Sub-Division and its link with credit

From the above study in the chapter, it is clear that agriculture in the North Lakhimpur Sub-Division has some special features. Agriculture in the Sub-division is generally dependent upon the mercy of nature. It is one of the most flood affected sub-divisions of the State. Due to flood, the summer season of every year causes harm to the agriculturists a lot by destroying their crops. Thus their economic condition become worse. From that point of view, it is realised the importance of credit in those flood affected areas of the sub-division. The demand for Rabi crop loan from those areas are generally high. So, the institutional credit agencies can play an important role in this regard.

Moreover, some of the flood affected areas of the Sub-Division is predominantly inhabited by plains tribal people like Mishing and Kachari. They are being exploited by the money lending classes in their own areas. Adequate credit facilities from the institutional credit agencies can free them from the clutches of the money lending class.

CHAPTER - III

INSTITUTIONAL CREDIT IN THE SUB-DIVISION

INSTITUTIONAL CREDIT IN THE SUB-DIVISION

In this chapter, we discuss some aspects of Agricultural Cooperative Credit in agricultural activities in North Lakhimpur Sub-Division, the role of Cooperative Credit Societies and of other agencies like Banks engaged in providing financial assistance to agriculture.

Cooperative Credit in Agricultural Development

Rural development depends heavily on agricultural development, which in turn depends upon factors like land reforms, irrigation facilities, rural electrification, supply of fertiliser, seeds etc. Another crucial requirement is the availability of timely credit by the farmers for their agricultural operations. In recent years, Indian agriculture has achieved a major technological breakthrough and has become progressively commercial. The implementation of Intensive Agricultural District Programme, Intensive Area Programme, High Yielding Variety (HYV) Programme, introduction of new technology with prospects of higher rate of return on capital have all thrown up an increasing demand for agricultural finances.

The provision of credit to farmers has thus become one of the important pre-conditions for the further progress and development of agriculture in India. It is felt in many quarters that, this can be performed more effectively by

the Agricultural Cooperative Credit Societies than any other agencies. Cooperative Societies are better placed than other agencies to perform this task because of their close contact with the farmers and intimate knowledge of their needs.

Today the farmers are in greater need of an organisation of their own which would provide them with credit and other agricultural facilities without the delay and bother attendant on the activities of many financial intermediaries. Cooperative Societies have thus come to play an indispensable role in the life and activities of the small and medium farmers. The Report of the Committee on Integration of Cooperative Credit Institution¹ expresses confidence on the Cooperative Credit system's ability to fully play its expected role in agricultural development.

- Agricultural Cooperative Credit in Assam

Assam is predominantly agricultural, with only a nascent industrial sector and a population factor having a high rate of population growth higher than that of all India rate. The consequent increased demand for food and employment could be provided by the agricultural sector if adequate steps are taken for its all round development along with measures for the expansion of the industrial sector in the State. Assam is endowed with favourable climatic and

1. Reserve Bank of India, Bombay. Multi Agency Approach in Agricultural Finance, Report of the Working Group, 1976.

soils conditions. Increased food crops production would be possible if the cooperative credit institutions would supply adequate credit and other requirements in time to the farmers.

Before 1973, that is, before the reorganisation of the entire credit infrastructure in Assam, agricultural credit was routed through a three-tier system comprising at the village level of Krishi Sahayak Samabay Samities (KSSS) affiliated to the Central Cooperative Banks, seven Central Cooperative Banks at District level and the Assam Cooperative Apex Bank at the State level.

This three-tier system broke down by the end of 1972 due to overdues at the level of District Central Cooperative Banks and Krishi Sahayak Samabay Samity which affected the flow of fresh credit to the agriculturists. With a view to restoring the free flow of credit for the agricultural development the entire credit structure in the State was reorganised in 1973. The seven District Central Cooperative Banks (except Sibsagar District Central Cooperative Bank) were merged with the Assam Cooperative Apex Bank. However, this could be effected only from 16.1.79. The prevailing three-tier set up for channelling credit was replaced by a two-tier set up with the Assam Cooperative Apex Banks and other Nationalised Commercial Banks including the State Bank of India at the top level and the newly organised 668 Gaon Panchayat Level Multipurpose Cooperative Societies (GPSS) at the primary level.

The number of GPSS has increased to 700 along with the increase of Gaon Panchayat (GP) to 714.² It is expected that the introduction of Gaon Panchayat Level Multipurpose Cooperative Societies in the remaining Gaon Panchayats would be completed soon. In the mean time 35 Large Sized Multipurpose Cooperative Societies (LAMPS) have been established in the two hill districts and which are attached to Assam Cooperative Apex Bank Ltd. for catering to the entire credit needs of societies for both agricultural production and distribution. In table 3.1 is given the Gaon Panchayat Level Cooperative Societies (GPSS) and Large Sized Multipurpose Cooperative Societies (LAMPS) which have been adopted by the banks in Assam in 1984-85.

Table - 3.1: Allocation of GPSS and LAMPS to various financing banks

Financing Banks	No. of Societies
1. Apex Bank	250
2. State Bank of India	156
3. United Bank of India	103
4. United Commercial Bank	91
5. Pragjyotish Gaolia Bank	45
6. Purbanchal Bank	8
7. Central Bank of India	7

2. Due to delimitation of boundaries of Gaon Panchayats in the plain Districts of Assam the number of G.P. has increased to 714 at present.

Table 3.1 (Contd.)

Financing Banks	No. of Societies
8. Allahabad Bank	5
9. Union Bank of India	4
10. Indian Bank	Nil
11. Punjab National Bank	Nil
Total	669

Source: Office of the Registrar, Cooperative Societies, Assam.

It is seen from the table 3.1 that the Apex Bank has been given the responsibility to finance 250 Cooperative Societies in Assam while the Pragjyotish Gaolia Bank which was established in Assam in 1975 has been given the responsibility of financing 45 societies. Branches of this bank have been opened in many rural areas of the State. Another State Level Commercial Bank of Assam i.e., the Purbanchal Bank has been allotted the task of financing 8 societies. Thus we find 9 (nine) banks functioning in Assam have been given the responsibility of financing the Cooperative Societies for the agricultural development of the State.

Table 3.2 gives the Commercial Banks, financing the Cooperative Societies in North Lakhimpur Sub-Division of Assam.

Table - 3.2: Allotment of GPSS to Various Financing Banks in the North Lakhimpur Sub-Division.

Financing Bank	No. of Society
1. Apex Bank	7
2. State Bank of India	7
3. United Bank of India	7
4. Union Bank	1
Total	22

Source: Office of the Assistant Registrar, Cooperative Societies North Lakhimpur.

In table 3.3 we give particulars regarding the organisation and working of various Cooperative Societies in Assam during the year 1981-82.

Table - 3.3: Organisation and Working of Various Cooperative Societies in Assam (1981-82) (Amount in thousand rupees).

Type of Societies	No. of Societies	No. of Members	Working capital	Loan advanced	Loan outstanding	Loan overdues
1. Cooperative Apex Bank	1	4718	558709	357609	297385	158337
2. Central Coop. Bank	1	1351	18462	11388	12628	4282
3. Primary Land Mortgage Bank	21	18479	35150	3031	24165	2825
4. Central Land Mortgage Bank	1	37	43298	3405	24771	2275
5. Primary Agricultural Credit Societies (All)	2647	2230000	204954	14652	74651	61619
(1) of which GPSS	671	1968000	129176	13696	36436	23825

Table 3.3 (Contd.)

Type of Societies	No. of Societies	No. of Members	Working capital	Loan advanced	Loan outstanding	Loan overdues
6. Primary Non-Agril. Credit Societies (All)	463	36000	51071	12253	28008	13685
7. Primary Marketing Societies	59	20522	23637	-	-	-
8. Assam State Coop. Marketing & Consumer's Federation	1	572000	313760	-	-	-

Source: Office of the Registrar, Cooperative Societies, Assam.

This table shows that there are 2647 primary agricultural credit societies including 671 Gaon Panchayat Level Cooperative Societies (GPSS) in Assam during 1981-82. The 671 GPSS are financed by the various commercial banks including the State Cooperative Apex Bank. The position of loan advanced, outstanding and overdue is not encouraging as shown by the table. The position of other Cooperative organisations which advanced loans during the same period is also not satisfactory. The State Cooperative Apex Bank which advanced loan worth of Rs. 3,57,609 faced the problem of payments overdues of Rs. 1,58,337 during the period. This situation of repayments long overdue might adversely affect the Cooperative Credit Organisation to advance fresh loans in future date.

Since its inception in 1973 the Gaon Panchayat Level Cooperative Societies have been rendering good services towards the development of agriculture by providing short term credit facilities to the farmers of the State. Table 3.4 shows the performance of these societies during the period 1982-85.

Table - 3.4: Performance of Cooperative Societies in the Field of S.T. Credit (1982-85) (Rs. in lakhs)

Crops	1982-83		1983-84		1984-85	
	Sanc- tioned	Dis- bursed	Sanc- tioned	Dis- bursed	Sanc- tioned	Dis- bursed
1. Rabi	74.06	53.56	194.89	72.46	278.85	203.40
2. Pre-kharif	49.96	43.01	92.84	46.31	98.73	78.80
3. Kharif	60.07	43.69	171.11	111.82	263.10	181.85
Total	184.10	140.26	418.84	230.59	640.68	464.05

Source: Registrar, Cooperative Societies, Assam, Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85, p. 33.

It is seen from the table 3.4 that during this period the amount sanctioned had always been higher than the amount in respect of all the crops for which the loan has been sanctioned by the banks. It would appear that the performance of the Cooperative Societies in the field of short term credit has not been sufficient and lot needs to be done. From the table 3.3 we could see that the membership of agricultural cooperative societies has been increasing but the performance of the societies, especially in the matter of providing short

term agricultural credit has not been encouraging or has come upto the expectations of the farmers.

In the light of the growing demand for agricultural credit the Government has fixed a target for short term (ST) loan. Table 3.5 reveals the position of targets and achievement of short term loan by the Cooperative Societies.

Table - 3.5: Target of Credit and Achievement during 1982-85 (Rs. in lakhs).

Year	Target		Total	Achievement		Total
	Pre-kharif and kharif	Rabi		Pre-kharif and kharif	Rabi	
1982-83	300.00	200.00	500.00	86.70	53.56	140.26
1983-84	300.00	200.00	500.00	156.13	76.46	230.59
1984-85	297.00	203.00	500.00	256.50	207.55	464.05

Source: Registrar, Cooperative Societies, Assam. Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85, p. 33.

The table 3.5 shows that, the actual performance in respect of short term credit has been much below the targets of credit fixed for various crops during the period of 1982-85. Whatever may be reason for this, it needs to be rectified, otherwise agricultural operations would suffer.

Long Term Credit

Long term credit can play an important role in the field of agricultural development. The newly established Gaon Panchayat Level Multipurpose Cooperative Societies (GPSS)

were not given the responsibility to provide long term credit to the agriculturists. The Assam Cooperative Central Land Mortgage Bank is the sole agency for this purpose of giving long term credit to the farmers. With the limited resources available at the level of both Assam Cooperative Central Land Mortgage Bank (ACCLMB) and 21 affiliated Primary Cooperative Land Mortgage Banks, the Bank could achieve quite a substantial progress in the matter of disbursement of loan and floatation of debentures through it fell far short of the allocated yearly target.

This Bank achieved much progress in the matter of disbursement of loan for irrigation purposes like sinking of Shallow Tube-Wells through the agency of the Assam State Minor Irrigation Development Corporation. The achievement of the Bank in the matter of disbursement of loan is thus seen to have been entirely dependent on the activities of the Assam State Minor Irrigation Development Corporation.

One disquieting feature of this Bank, is that of the mounting overdues. However, it may be mentioned that the progress of recovery of overdues could not be expedited during last three years i.e., 1983-85,³ due to the unsettled conditions in the State.

3. Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85. Registrar of Cooperative Societies, Assam, Guwahati, p. 43.

Table 3.6 reveals the Financial position of the Bank in its various activities.

Table - 3.6: Financial position (in regard to issue of loan and floatation of debenture) of the Bank as on 30.6.85 (Rupees in lakhs).

1. Loan outstanding as on 30.6.85	Rs. 712.93
2. Loan issued during 1984-85	Rs. 198.57
3. Demand during 1984-85	Rs. 207.55
4. Overdue during 1984-85	Rs. 110.58
5. P.C.(%) of overdue to demand	Rs. 53.27
6. Debenture in circulation:	
(a) Ordinary debenture in circulation	Rs. 421.85
(b) Rural debenture in circulation	Rs. 0.18
(c) Special debenture in circulation	Rs. 262.29
7. Borrowing from the State Government	Rs. 1.45
8. Sinking Fund Investment	Rs. 133.15
9. Paid up Share Capital	Rs. 914.42
10. Reserve Fund	Rs. 0.68

Source: Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85.

We now turn to a study of the credit structure in the North Lakhimpur Sub-Division and look at the working of the Gaon Panchayat Level Cooperative Societies and Banks and examine whether these cooperative institutions in the sub-division have proved to be of help to the farmers in raising up their standard of living and for the development of agriculture.

Cooperative Credit Structure in the North Lakhimpur Sub-Division

Before the reorganisation of cooperative credit structure in the State in 1973, there was a three-tier credit system in the sub-division. Krishi Sahayak Samabay Samitee in the lower level were getting loans from the Central Cooperative Bank which was granted by the State Cooperative Apex Bank. After the reorganisation of entire credit structure, loans were given to the agriculturists through the newly created Gaon Panchayat Level Cooperative Societies which received loan, finance from the Commercial Banks allotted to them. Thus, we see a two-tier agricultural credit system prevailing in the sub-division. The only Central Cooperative Bank which worked as a connecting link was merged with the Cooperative Apex Bank in 1979.

Cooperative Societies working in the Sub-Division

The Cooperative Movement was introduced in the northern part of Assam in 1904. In 1948, there were two Central Cooperative Banks⁴ and 59 Agricultural Credit Societies in Lakhimpur District. At present there is one Cooperative Apex Bank, one primary Land Mortgage Bank and as many as 22 Gaon Panchayat Level Cooperative Societies working in the sub-division

4. There were two Central Cooperative Bank in Undivided Lakhimpur District, one for North Lakhimpur and another for Dibrugarh Sub-Division. Gazetteer of India, Assam State, Lakhimpur District, 1976.

and the branches of nationalised commercial banks are financing these cooperative societies in the rural areas.

In order to study the cooperative credit institutions in the North Lakhimpur Sub-Division, specially the Gaon Panchayat Level Cooperative Societies (GPSS), we collected informations from 5(five) out of 22 of the GPSS. They are: Lakhimpur Samabay Samittee Ltd., Nakari S.S. Ltd., Rajgarh S.S. Ltd., Subansiri S.S. Ltd. and Telahi S.S. Ltd. According to the percentage of population (general and scheduled tribe) these societies were classified into two categories, viz. general area and Tribal Sub-Plan area. On the basis of this classification we find that there are 2 societies under general area and 3 (out of 5 selected societies) under Tribal Sub-Plan area.

Table 3.7 gives an idea about the societies, financing banks and villages covered.

Table - 3.7: Names of the Gaon Panchayat Level Cooperative Societies with Financing Banks and Villages covered in the Sub-Division.

Name of the Society	Name of the Financing Banks	Village covered
<u>General Area</u>		
1. Dikrong S.S. Ltd.	Union Bank	28
2. Pichala S.S. Ltd.	Apex Bank	26
3. Pabha S.S. Ltd.	United Bank of India	17

Table 3.7(Contd.)

Name of the Society	Name of the Financing Banks	Village covered
4. Laluk S.S. Ltd.	State Bank of India	44
5. Singra S.S. Ltd.	Apex Bank	37
6. Nowbaicha S.S. Ltd.	State Bank of India	28
7. Nakari S.S. Ltd.	United Bank of India	39
<u>Tribal Sub-Plan Area</u>		
8. Rajgarh S.S. Ltd.	Apex Bank	45
9. Dholpur S.S. Ltd.	Apex Bank	35
10. Narayanpur S.S.Ltd.	United Bank of India	34
11. Kherajkhat S.S.Ltd.	United Bank of India	46
12. Bihpuria S.S.Ltd.	United Bank of India	42
13. Bangalnara S.S.Ltd.	United Bank of India	38
14. Dejoo S.S. Ltd.	Apex Bank	40
15. Ranganadi S.S.Ltd.	Apex Bank	38
16. Panigaon S.S.Ltd.	State Bank of India	46
17. Telahi S.S. Ltd.	State Bank of India	42
18. Kamalabaria S.S.Ltd.	State Bank of India	40
19. Lakhimpur S.S. Ltd.	United Bank of India	33
20. Kadam S.S. Ltd.	State Bank of India	54
21. Baginadi Ukhamati S.S. Ltd.	State Bank of India	43
22. Subansiri S.S. Ltd.	Apex Bank	22

Source: Office of the Assistant Registrar, Cooperative Societies, North Lakhimpur.

It will be seen from the table 3.7 that the area of operation of the societies is large. On an average, one society is to cover 38 villages (out of 809 villages in all the societies). This large area of operation might be a determining factor of the efficiency of the cooperative societies. It may not be possible to the officials of the societies to visit all the villages at the time of giving loans and at the time of realisation of the dues. Some of the villages are situated in interior areas with little of communication facilities except by foot. So, in judging the performance of the cooperative credit societies we are to take into account these factors of large area and inaccessible terrain faced by the cooperative societies operating in the sub-division.

Table 3.8 gives us an idea about the capital structure of the cooperative societies in the sub-division. Out of 22 Gaon Panchayat Level Cooperative Societies, 7 fall under general area and rest (15) are under Tribal Sub-Plan in places where about 50% of the total population are tribal.

From tables 3.8(A) and 3.8(B) we can gather some information about the performance of GPSS during the period 1982-83 and 1983-84 on the basis of membership, share and working capital, loans issued, outstanding and the number of defaulting members. Table 3.8(A) shows that number of shareholders and the amount of share capital and working

Table - 3.8(A): GPSS during the period 1982-83 - 1983-84

Name of GPSS	No. of members as on 30.6.83 & 30.6.84		Share capital as on 30.6.83 & 30.6.84		Working capital as on 30.6.83 & 30.6.84
	Nominal	Regular	Own	Govt.	Rs. in lakhs
1. Lakhimpur S.S. Ltd.	951 956	1803 1899	24580.00 25000.00	43000.00 53000.00	- 2.52
2. Nakari S.S. Ltd.	160 176	1607 1690	18440.00 21000.00	56000.00 66000.00	- 1.47
3. Rajgarh S.S. Ltd.	617 817	1883 1899	32380.00 32000.00	48000.00 48000.00	- 2.43
4. Subansiri S.S. Ltd.	215 250	1122 1193	14080.00 15000.00	53000.00 83000.00	- 3.04
5. Telahi S.S. Ltd.	499 510	1311 1352	17020.00 21000.00	43000.00 63000.00	- 1.83

Source: Office of the Secretaries, GPSS, North Lakhimpur.

Table 3.8(B): Performance of GPSS during the period 1982-83 - 1983-84 (Rs. in lakhs)

Name of GPSS	Loan issued during 1983 & 1984		Loan Outstan- ding during 1983 & 1984		No. of Defaul- ters
	S.T.	M.T.	S.T.	M.T.	
1. Lakhimpur S.S. Ltd.	- -	- 0.04	1.18 0.17	1.11 1.13	139 276
2. Nakari S.S. Ltd.	- -	- -	0.12 0.11	- -	80 37
3. Rajgarh S.S. Ltd.	- 2.26	- -	1.62 2.64	2.69 0.39	265 165
4. Subansiri S.S. Ltd.	- 0.32	- 0.85	0.44 0.75	1.31 1.71	184 240
5. Telahi S.S. Ltd.	- 0.32	- -	0.62 0.56	0.70 0.63	155 163

Source: Offices of the Secretaries, GPSS, North Lakhimpur.

capital of the societies are increasing over the period. The Government has been encouraging the Cooperative Societies by contributing more share capital and giving incentive in order to make all the households living under the jurisdiction of the Cooperative Societies to be members.

In table 3.8(B) we find that the Lakhimpur S.S. Ltd. has not issued any fresh short term (ST) loan to its members during the period of 1983 and 1984. Nakari S.S. Ltd has not issued any fresh S.T. and medium (M.T.) term loans during the said period. But in respect of outstanding loans (both S.T. and M.T.) we find that, they are due to both the societies. Because the old loans are not repaid, the societies are reluctant to issuing fresh loans to their other members. The position of outstanding and overdues are large for all the societies in the Sub-division. There is still a long way to go for the societies in performing their functions in an efficient way.

It is needless to say that, most of the people of the Sub-division are poor, specially those who are living in rural areas. Most of them are not able to purchase a share of the society. So, Government has introduced the 'Nominal Share' worth of Rs. 2.00. This has been done to give a chance to the rural poor to become members of the society, without voting power and to get loan from the society. They are also entitled to all other facilities from the society. Even then,

it is learnt that all the people living under the jurisdiction of the societies have not become members of the societies.

GPSS are working in the Sub-division as a multipurpose cooperative societies. In addition to provision of credit they are also entrusted with the public distribution of essential commodities. So, we found during our study visit and tour of these societies, that the societies are now much more interested in the second line of activity (public distribution) than that of former one (credit). The table 3.9 shows some aspects of this situation.

It is clear from table 3.9 that the total sales turnover of the five cooperative societies during the period 1983 and 1984 was Rs. 48.72 lakhs (24.06 lakhs in 1983 and 24.66 lakhs in 1984) whereas the total credit given to its members during the same period was only Rs. 3.79 lakhs (no loan in 1983 and 3.79 lakhs in 1984 - Table 3.8(B)). Not a single society was interested to sell either fertiliser or other agricultural inputs during the period. It is reported by the Secretaries of GPSS that, they are to spend more money out of the funds of the societies in realisation of overdues which proved not to be a profitable business for them. So, they are at present giving more emphasis on the second line of business (public distribution). The figures in the table 3.9 shows that almost all the societies has been earning

Table - 3.9: Performance of GPSS during the year ending on 30.6.83 and 30.6.84

Society	Sales turnover during the year 1982-83 - 1983-84 (in lakhs)		Amount of Profit (+) / Loss (-) during 1982-83 - 1983-84	Accumulated profit and loss as on 30.6.83 & 30.6.84	Godown owned		No. of Branches	
	Agricultural produce	Consumer's goods			No.	Capacity		Own
1. Lakhimpur S.S. Ltd.	-	4.92 5.81	(-) 15019.00 (+) 2256.00	(-) 78859.00 (-) 24672.00	-	1	1	44 36
2. Nakari S.S. Ltd.	-	5.34 6.23	(+) 2240.00 (+) 6314.00	(-) 6230.00 (-) 92736.00	-	1	1	39 39
3. Rajgarh S.S. Ltd.	-	5.84 3.03	(+) 8245.00 (+) 8376.00	(+) 17675.00 (+) 2546.00	1	1	1	33 33
4. Subansiri S.S. Ltd.	-	3.76 4.66	(+) 6873.00 (+) 5721.00	(+) 9218.00 (+) 16633.00	-	1	1	32 34
5. Telahi S.S. Ltd.	1.01 1.49	4.20 4.93	(+) 1003.00 (+) 5745.00	(-) 22660.00 (-) 17502.00	1	1	2	41 49

Source: Offices of the Secretaries, GPSS, North Lakhimpur and Registrar, Cooperative Societies, Assam, Guwahati.

profits from the second line of business. It may be a good evidence to judge the failure of cooperative societies to perform its expected role towards the development of Agriculture.

Table 3.10(A) and 3.10(B) give us the reason why the Cooperative Credit Societies fail to disburse the loans to the same extent in which it is sanctioned by their financing banks. Credit consists of two components i.e., kind and cash. Formerly, only cash was given to the loanees and very often the loanees utilised the entire amount of credit for purposes other than agricultural activities. So, at present kind component of credit is made compulsory along with the cash portion. The aim of introducing this system was to increase agricultural production with the help of agricultural inputs given as the credit in kind; i.e., improved seeds, fertiliser etc. It is a novel idea for the development of agriculture which will help to promote the use of agricultural credit for the purposes for which it has been granted.

Table 3.10(A) shows that Credit Limit Statement (CLS) has been submitted by the societies for the different crops but the financing banks have not sanctioned the amount for any crop to two societies viz., Lakhimpur and Nakari S.S. Ltd.. Rajgarh S.S. Ltd. has submitted CLS for kharif crop of

Table - 3.10(A): Credit Limit Statement submitted to the Financing Banks and Sanctioned (1982-83 - 1984-85).

Society	Year	C.L.S. Submitted			C.L.S. Sanctioned		
		Khariif	Rabi	Pre-kharif	Khariif	Rabi	Pre-kharif
1. Lakhimpur S.S. Ltd.	1982-83	60471.00	1590.00	-	-	-	-
	1983-84	-	-	-	-	-	-
	1984-85	23918.00	-	-	-	-	-
2. Nakari S.S.Ltd.	1982-83	4105.00	-	-	-	-	-
	1983-84	-	12293.00	-	-	-	-
	1984-85	4917.00	-	-	-	-	-
3. Rajgarh S.S. Ltd.	1982-83	-	4989.00	-	-	4989.00	-
	1983-84	-	16718.00	54283.00	-	-	-
	1984-85	157150.00	-	199009.00	137000.00	-	199009.00
4. Subansiri S.S.Ltd.	1982-83	-	145958.00	-	-	85250.00	-
	1983-84	28796.00	-	-	27000.00	-	-
	1984-85	215398.00	152988.00	-	30556.00	62208.00	-
5. Telahi S.S. Ltd.	1982-83	-	-	-	-	-	-
	1983-84	29980.00	-	-	29980.00	-	-
	1984-85	4280.00	599750.00	-	4280.00	599750.00	-
Total of 22 GPSS of the Sub-Division		3140542.00	2687209.00	1706786.00	1732402.00	1352279.00	1107063.00

Source: Offices of the Secretaries of GPSS, North Lakhimpur and Office of the Assistant Registrar, Cooperative Societies, North Lakhimpur.

Table - 3.10(B): Loan Disbursed by the GPSS from 1982-83 to 1984-85.

Society	Year	Kharif		Rabi		Pre-kharif	
		Amount	Member	Amount	Member	Amount	Member
1. Lakhimpur S.S. Ltd.	1982-83	-	-	-	-	-	-
	1983-84	-	-	-	-	-	-
	1984-85	-	-	-	-	-	-
2. Nakari S.S. Ltd.	1982-83	-	-	-	-	-	-
	1983-84	-	-	-	-	-	-
	1984-85	-	-	-	-	-	-
3. Rajgarh S.S. Ltd.	1982-83	-	-	4989.00	8	-	-
	1983-84	-	-	16718.00	68	37243.00	41
	1984-85	66135.00	122	-	-	-	-
4. Subansiri S.S. Ltd.	1982-83	-	-	85250.00	39	-	-
	1983-84	17771.00	31	-	-	-	-
	1984-85	27056.00	32	54918.00	38	-	-
5. Telahi S.S. Ltd.	1982-83	-	-	-	-	-	-
	1983-84	29980.00	43	-	-	-	-
	1984-85	4280.00	12	499750.00	570	-	-
Total of 22 GPSS of North Lakhimpur Sub-Division		1327160.00	1698	1025406.00	1146	672182.00	632

Source: Offices of the Secretaries of GPSS, North Lakhimpur and
Assistant Registrar, Cooperative Societies, North Lakhimpur.

Rs. 157150.00 during the period 1984-85 but the bank has sanctioned Rs. 137000.00 for that crop. The Subansiri S.S. Ltd. has submitted CLS for Rs. 145958.00 for Rabi crop during the period 1982-83, Rs. 28796.00 for Kharif during 1983-84 and Rs. 215398.00 for kharif and Rs. 152988.00 for Rabi crop during the period 1984-85, but the bank has sanctioned Rs. 85250.00, Rs. 27000.00, Rs. 30556.00 and Rs. 62208.00 respectively. This discrepancy between the need and the sanction of finances has been happening in the case of almost all the Cooperative Societies in North Lakhimpur.

Again, table 3.10(B) shows that there was no disbursement of any loans by the Lakhimpur S.S. Ltd. and Nakari S.S. Ltd. during the period from 1982 to 1985. Rajgarh S.S. Ltd. had disbursed only Rs. 66135.00 for Kharif crop during the period 1984-85 out of Rs. 137000.00 sanctioned by the bank. We find only one Society i.e., Telahi S.S. Ltd. whose entire amount of CLS had been sanctioned by its financing bank and the sanctioned amount for various crops were disbursed to the applicant loanees during the period 1982-85. This is a society which disbursed the highest amount of Rabi crop loan to 570 of its members during the period 1984-85.

Cooperative Credit Societies and other Commercial Banks

It was the aim of the reorganisation of Cooperative Credit structure to make credit procedure easy and readily available to the needy agriculturists. According to the

reorganisation of credit structure in the sub-division, Commercial Banks were entrusted with the duty to finance the cooperative societies. All the commercial banks including the Cooperative Apex Bank were to take the responsibility to finance the agricultural Cooperative Credit Societies (GPSs) for the development of agriculture as well as improving the economic conditions of the rural people. Although the various nationalised commercial banks are financing the members of the cooperative credit societies indirectly, direct loans for agricultural operation is also given to the non-member of the societies on the same lines as those given to these societies. Many Cooperative Societies are financed by the Cooperative Apex Bank in Lakhimpur district, of which 7 societies are in the sub-division. The main purpose of the loan granted by the Cooperative Societies is for better agricultural production and further investment. But it was observed during our study that neither the Cooperative Societies nor the Commercial Banks are alert enough to see whether the loans granted to the members of the societies have been used properly or not. This is one of the most notable factors for the increase of defaulting members.

However, the aim can be achieved if there is better cooperation between the Commercial Banks and the Cooperative Societies in the form of joint effort to improve the economic

conditions of the rural poor by giving 'desirable' amount of credit at the proper time in the right way for the proper purpose. Sometimes they may have to subordinate their commercial interest to earn profit to the cause of the upliftment of the economic conditions of the rural people and for agricultural development.

Status of Cooperative Credit (Institutional) in North Lakhimpur Sub-Division

It is a pre-requisite condition that the Institutional Credit Agencies must enjoy a good status for their successful working. For it successful working the people must have good faith and confidence on these institutions. From the above analysis it is clear that, in the initial stages of the reorganisation of the cooperative credit structure it was the dream of the agriculturists that they will have an organisation of their own which will improve their economic condition by rendering all possible help to them. The agriculturists require various kinds of financial help to meet their agricultural, investment and consumption needs. We have observed that the Gaon Panchayat Level Cooperative Societies are giving agricultural credit to the agriculturists for agricultural development. But the position of overdues to all the Cooperative Credit Societies prove it that, most of the agricultural credit have not been utilising for agricultural purpose which might have utilised for consumption purpose. It is generally happening that there is no

provision for consumption loan in those credit societies. So, still a good number of rural people depends upon the other non-institutional credit agencies to meet their demand for unproductive credit need. In this way, the non-institutional credit agencies are still playing an important role in the rural areas by providing 40 p.c. of total credit requirement of the agriculturists in the sub-division.

CHAPTER - IV

LOAN POLICIES OF THE COOPERATIVE CREDIT SOCIETIES

AND THEIR IMPACT ON THE AGRICULTURAL

SECTOR IN THE SUB-DIVISION

LOAN POLICIES OF THE COOPERATIVE CREDIT SOCIETIES AND THEIR
IMPACT ON THE AGRICULTURAL SECTOR IN THE SUB-DIVISION

This chapter is mainly devoted to a discussion of the loan policies of the Cooperative Credit Societies. The discussion is mostly based on the information gathered in the course of our field investigation. We will also examine some aspects of overlapping, if any, of functions between the Cooperative Societies and other financial institutions working in the agricultural sector in the sub-division.

As mentioned above, the discussion proceeds on the basis of data collected for this study. The survey work was undertaken in January 1986.

In collecting data we faced some problems of resource and time constraint. It was impossible to undertake a census study of the 22 Gaon Panchayat Level Multipurpose Cooperative Societies spread over an area covered by 809 villages in the Sub-division, and further not all villages in the sub-division have accessible means of communication.

We therefore, selected Telahi Gaon Panchayat Level Samabay Samity Ltd. for a detailed study because it had disbursed the highest amount of 'Rabi Crop' loan of Rs.5,99,750/- to 570 members of the society during the period 1984-85. Out of the 570 loanees we have taken a random sample of 10 per

cent. The same criteria was used in selecting the villages, taking into consideration their sizes and the number of households in the village.

Our sampling frame is the 'Register' of the loanees obtained from the Cooperative Society itself. The data was collected from 50 households out of 570 loanee households. The data was collected with the help of a detailed questionnaire. The data was tabulated so as to get the details in a convenient form of the current position of the rural economy as well as of the Agricultural Cooperative Credit Societies in the Sub-Division.

Table 4.1 identifies the relationship between the size of the landholding and the size of the family. We see from this table that landholding is small in the case of large families. Out of 50 loanee household we find that only 2(two) loanee households having large family also have large holdings of above 30 bighas of land. There are 21 loanee households with landholding size of 15 to 20 bighas of land and a family size of 5 to 9 members. Here, also in this group we find 4 loanee households having landholding size of about 30 bighas. Most of the agriculturist people are poor because for one thing, they have small **landholdings**. However, they have to support a large family out of the income of agriculture which may compel them to take loan either from Institutional source or private sources.

Table 4.1: Distribution of Families according to Family Size and Landholding.

Family Size	Landholding Size				Total
	15-20 Bighas	21-25 Bighas	26-30 Bighas	Above 30 Bighas	
5-9	21	9	7	4	41
10-above	1	3	3	2	9
Total	22	12	10	6	50

Source: Survey Data.

In table 4.2, we seek to find a relationship between the proportion of land used for double cropping and the factor of family size. We assume that larger the family size, more is the need for double cropping. We also assume that people with large landholdings may have less incentive for double cropping than the people with small landholdings.

Table 4.2: Proportion of Land used for Double Cropping according to Family Size.

Family Size	Landholding size				Total
	15-20 Bighas	21-25 Bighas	26-30 Bighas	30-above	
5-9	$\frac{229}{383}$	$\frac{96}{195}$	$\frac{75}{164}$	$\frac{137}{192}$	$\frac{537}{934}$
10-above	$\frac{18}{18}$	$\frac{30}{75}$	$\frac{50}{88}$	$\frac{30}{75}$	$\frac{128}{256}$
Total	$\frac{247}{401}$	$\frac{126}{270}$	$\frac{125}{252}$	$\frac{167}{267}$	$\frac{665}{1190}$

Source: Field Survey Data.

From the table 4.2 we can get information about the necessity of double cropping by the agriculturists with small landholdings but whose family size is large. We find that, one loanee household with large family size (10-above) and small landholding size (15-20 bighas) utilises his entire landholdings of 18 bighas for double cropping. In the large family size, 128 bighas of land out of 256 bighas are utilised for double cropping by 9(nine) loanee households and the average plot of land utilised for this purpose is 14.22 bighas. In the family size of 5-9 members, 537 bighas out of 934 bighas of land are utilised for double cropping purposes by 41 loanee households. In their case average land utilisation in double cropping is 13.10 bighas. The incidence of double cropping is much more noticeable among the families having large family size than others. This tends to increase the demand for credit by this section of people.

Table 4.3 seeks to find out which sources of credit are usually more popular and widely resorted to by the farmers. In the Sub-Division there are the Institutional and Non-Institutional sources of credit. It was found that agriculturists were taking loans from both these sources. In order to discourage recourse to money lenders, Cooperative Credit Structure had been reorganised and Goan Panchayat Level Multi purpose Cooperative Credit Societies were set up in the Sub-division along with the other parts of Assam. But it is seen

from table 4.3 that the non-institutional credit agencies are still playing an important role in the Sub-division by providing 40 percent of the total disbursement of the loan finance to agriculturists.

Table 4.3: Sources of Credit and Amount Borrowed

	Sources				Total
	Coopera- tives	Friends & Rela- tives	Money Lenders	Other agencies (traders)	
Amount	81,402.00	11,750.00	18,500.00	23,650.00	
Total	81,402.00	11,750.00	18,500.00	23,650.00	1,35,302.00
Percen- tage	60.16%	8.69%	13.67%	17.48%	100%

Source: Field Survey data.

The table shows that 50 households have taken an amount of total loan of Rs. 1,35,302.00. Out of this total amount of loan, Rs. 81,402.00 has been provided by the Co-operative Societies and Rs. 53,900.00 by non-institutional credit agencies carrying on their business in the Sub-division. Percentage wise their shares are 61.16% and 39.84% respectively. It is evident from the table that in spite of the various measures taken by the Government to discourage the lending activities of the money lenders, the non-institutional credit agencies, i.e. mostly money lenders, are playing a substantial role in providing a sizable part (almost 40%) of the total credit to various categories of farmers in the

sub-division. That the Cooperatives have provided a major share of loans to the farmers is true, but are reluctant to issue fresh loans to them due to the heavy backlog of the overdues. The farmers have to have resort to the money lenders for fresh loan requirements. Moreover, the Cooperative Credit Societies in principle, do not provide consumption loans to the farmers which force them to take loans from the money lenders.

Table 4.4 relates family size with credit sources in respect of the amount of credit taken by the farmers. We can also have an idea about as to which family size has been more dominant in obtainaing credit, irrespective of the source from which it is obtained.

Table 4.4: Amount of Credit from Different Sources according to the Family Size.

Family Size	Sources				Total (%)
	Cooperatives	Friences and Relatives	Money Lenders	Other Agencies (Traders)	
5-9	68,411.00 (60.88%)	11,200.00 (9.97%)	16,900.00 (15.04%)	15,850.00 (14.11%)	1,12,361.00 (100%)
	!84.03%!	!89.60%!	!79.72%!	!75.66%!	!82.58%!
10- above	13,001.00 (54.85%)	1,300.00 (5.49%)	4,300.00 (18.14%)	5,100.00 (21.52%)	23,701.00 (100%)
	!15.97%!	!10.40%!	!20.28%!	!24.34%!	!17.42%!
Total (%)	81,412.00 (59.83%)	12,500.00 (9.19%)	21,200.00 (15.55%)	20,950.00 (15.40%)	1,36,062.00 (100%)
	!100%!	!100%!	!100%!	!100%!	!100%!

Source: Field Survey Data.

We find from the table 4.4 that large families are taking more loan from both the sources. Total number of large family households (10 above) is 9 (nine) and families having 5-9 members are 41 (forty one). The large families (10 above) have taken loan of the order of 54.85%, 5.49%, 18.14% and 21.52% from Cooperatives, friends and relatives, money lenders and other agencies (Traders) respectively. They take less amount of loan from the Cooperatives in comparison to others having small family size. The small family size group is more dependent on cooperative societies than on other sources of credit. But, as large families are getting less amount of credit from the Cooperative Societies, they depend to the extent they need further credit, on private sources of credit which encourages the non-institutional credit agencies of the Sub-division to exist and even to flourish.

In table 4.5 is given the relationship between landholding size and the sources of credit as well as quantum of credit.

Table 4.5: The amount of credit from different sources according to Landholding size

Landholding size	Sources of Credit				Total (%)
	Cooperatives	Friends and Relatives	Money Lenders	Other Sources (Traders)	
15-20 Bighas	32,131.00 (57.20%)	6,750.00 (12.01%)	6,750.00 (12.01%)	10,550.00 (18.78%)	56,181.00 (100%)
	!39.47%!	!52.53%!	!34.88%!	!46.99%!	!41.29%!

Table 4.5 (Contd.)

Landholding size	Sources of Credit				Total (%)
	Cooperatives	Friends and Relatives	Money Lenders	Other Sources (Traders)	
21 - 25 Bighas	20,011.00 (57.98%)	3,450.00 (10.00%)	4,650.00 (13.47%)	6,400.00 (18.55%)	34,511.00 (100%)
	!24.58%!	!26.85%!	!24.03%!	!28.51%!	!25.37%!
26 - 30 Bighas	15,810.00 (54.59%)	2,150.00 (7.42%)	6,300.00 (21.76%)	4,700.00 (16.23%)	28,960.00 (100%)
	!19.42%!	!16.73%!	!32.56%!	!20.94%!	!21.29%!
Above 30 Bighas	13,450.00 (82.01%)	500.00 (3.05%)	1,650.00 (10.06%)	800.00 (4.88%)	16,400.00 (100%)
	!16.53%!	!3.89%!	!8.53%!	!3.56%!	!12.05%!
Total (%)	81,402.00 (59.83%)	12,850.00 (9.45%)	19,350.00 (14.22%)	22,450.00 (16.50%)	1,36,052.00 (100%)
	!100%!	!100%!	!100%!	!100%!	!100%!

Source: Survey Data.

Table 4.5 reveals that small landholders get comparatively lesser amount of loan from the Cooperative Credit Societies than people with large landholdings. There are 22 loanee households having landholdings between 15-20 bighas and their percentage of loans from the Cooperatives, Friends and relatives, Money Lenders and other Agencies (Traders) are of the order of 57.20%, 12.01%, 12.31 and 18.78% out of the total 100 percent (Rs. 56,181.00). On the other hand, large landholding households above 30 bighas of land have 82.01% of loan, credit from the Cooperative Societies and only 17.99% from the other sources of credit out of the total loan amount of Rs. 16,400.00 (100%). There

would seem, therefore that there is some relation between the landholding size and sources of credit, as is evident from the fact that those who have large landholdings are able to get more credit from the Cooperative Credit Institutions than those whose landholdings are small. This further implies that households with small landholding size are made to be more dependent upon the non-institutional credit agencies to meet their credit needs. This fact is widely prevalent in the agricultural credit condition in the North Lakhimpur Sub-division.

Table 4.6 is important as it reveals an essential aspect of rural life. Most of the loans are taken for agricultural production purposes. But they have been used for other purposes. The table reveals the purposes and the proportion of the amount of the loans used for them. From the table it is seen that farmers with small landholdings size utilise the money borrowed for production or investment, for consumption purpose **also**. We find from the table that almost 50% of the total loan are being utilised for consumption purposes especially by households having small landholding size.

Table 4.6: The Pattern of Utilisation of Loan according to Landholding size.

Utilisation	Landholding Size				Total (%)
	15-20 Bighas	21-25 Bighas	26-30 Bighas	Above 30 Bighas	
Cultivation	34,732.70 (39.97%)	24,198.70 (27.84%)	16,522.00 (19.01%)	11,456.00 (13.18%)	86,909.40 (100%)
	61.82%	70.12%	57.05%	69.81%	63.87%

Table 4.6 (Contd.)

Utilisation	Landholding Size				Total (%)
	15-20 Bighas	21-25 Bighas	26-30 Bighas	Above 30 Bighas	
Investment	1,335.00 (17.74%) 2.38%	480.00 (6.38%) 1.39%	2,390.00 (31.76%) 8.25%	3,320.00 (44.12%) 20.23%	7,525.00 (100%) 5.53%
Consumption	20,115.30 (48.32%) 35.80%	9,832.30 (23.62%) 28.49%	10,048.00 (24.14%) 34.70%	1,634.00 (3.92%) 9.96%	41,629.60 (100%) 30.60%
Total (%)	56,183.00 (41.29%) 100%	34,511.00 (25.37%) 100%	28,960.00 (21.28%) 100%	16,410.00 (12.06%) 100%	1,36,064.00 (100%) 100%

Source: Field Survey Data

The table shows that people with a landholding size of 15-20 bighas spent 40% of the loan on cultivation, whereas those with landholding size of 26-30 bighas spent about 20% on cultivation out of Rs. 86,909.40. Again the group of small landholding size spent about 18% on investment and 48% on consumption. But people with landholding size of 26-30 bighas spent about 32% on investment and 24% for consumption purpose. On the other hand, people with large landholding size above 30 bighas of land spent about 14% on cultivation, 44% on investment and 3.92% on consumption purposes. Thus the table reveals that people with small landholding size spent more of the loan on consumption purpose than on cultivation and/or investment purposes, whereas people with large landholding size spent less on consumption than on cultivation and investment.

This is a common feature of utilisation of loan by the laonee households. The small landowner being poor have no surplus income to utilise for production; even for consumption purposes, they do not have sufficient income. So they borrow money from various sources. As the Cooperative Societies at present in the Sub-division do not grant consumption loan, they are forced to borrow from other sources to spend a substantial amount of this credit on consumption.

Table 4.7 indicates whether the pattern of expenditure is dependent on the size of the family. That is whether family size and amount of loan spent on consumption or production is related.

Table 4.7: Pattern of Use of Loan according to Family Size.

Family Size	Utilisation			Total
	Cultivation	Investment	Consumption	
5 - 9	69,102.70 (63.97%)	4,050.00 (3.75%)	34,879.30 (32.28%)	1,08,032.00 (100%)
	79.52%	53.82%	83.78%	79.40%
10 - Above	17,800.00 (63.51%)	3,475.00 (12.40%)	6,750.30 (24.09%)	28,026.00 (100%)
	20.48%	46.18%	16.22%	20.60%
Total (%)	86,903.40 (63.87%)	7,525.00 (5.53%)	41,629.60 (30.60%)	1,36,058.00 (100%)
	100%	100%	100%	100%

Source: Survey Data

The table 4.7 shows that people with family size of 5-9 have utilised 63.97% of their loan on cultivation, 3.75% on investment and 32.28% on consumption purpose. While people with family size of 10 above have utilised 63.51%, 12.40% and 24.09% on cultivation, investment and consumption respectively. This table also shows that 36.49% out of the total loan is utilised on investment and consumption purposes by the family size of 10 above, whereas 36.03% out of the total loan is spent on investment and consumption by the people having the family size of 5-9. The loan policy of the Cooperative Credit Societies is expected to be geared towards achieving the best possible result in realising productive investment. But in this case we find that the Cooperative Credit Societies have not been able to achieve this goal. We think that this might be happening among other factors, also due to the lack of proper inspection from the side of Cooperative Credit Societies regarding the utilisation of credit. We wonder whether the Cooperative Societies are not instrumental in a class of people in getting loan from them to be utilised for purposes other than agricultural activities.

Table No. 4.8 tells us about consumption in its relation both to landholding and family size.

Table No. 1.8: Consumption

Family Size	Landholding Size				Total (%)
	15-20 Bighas	21-25 Bighas	26-30 Bighas	Above 30 Bighas	
5 - 9	19,330.00 (54.07%)	8,097.00 (22.65%)	7,098.00 (19.86%)	1,224.00 (3.42%)	35,749.00 (100%)
	96.20%	82.35%	70.64%	74.91%	85.92%
10 Above	765.00 (13.05%)	1,735.00 (29.61%)	2,950.00 (50.34%)	410.00 (7.00%)	5,860.00 (100%)
	3.80%	17.65%	29.36%	25.01%	14.08%
Total (%)	20,095.00 (48.29%)	9,832.00 (23.63%)	10,048.00 (24.15%)	1,634.00 (3.93%)	41,609.00 (100%)
	100%	100%	100%	100%	100%

Source: Field Survey Data

The table reveals that family size and landholding size has great influence on consumption of the households. Here we find that there are only one loanee household having the family size of 10 above with 15-20 bighas of land which spent Rs. 765.00 on consumption. On the other hand, there are 21 households with 15-20 bighas of land and having the family size of 5-9 who spent Rs. 19,330.00 whose average expenditure on consumption is Rs. 920.00. Again, those who have a family size of 5-9 and having a landholding of above 30 bighas are spending less in consumption which is only 3.42%. The percentage is 7 in case of families having a landholding size of above 30 bighas and with a family size of 10 above. Thus family size and landholding size seem to be the two determinants of consumption of loanee households in the Sub-division.

Table 4.9 gives us an idea about the amount and percentage of loans used in cultivation and investment. From this table we can analyse the consequences of family size and landholding size upon cultivation and investment.

Table 4.9: Cultivation and Investment table

Family Size	Landholding Size				Total (%)
	15-20 Bighas	21-25 Bighas	26-30 Bighas	Above 30 Bighas	
5 - 9	34,276.00 (46.02%)	17,013.00 (22.84%)	11,332.00 (15.21%)	11,866.00 (15.93%)	74,487.00 (100%)
	!95.05%!	!68.93%!	!65.76%!	!72.11%!	!78.88%!
10 Above	1,785.70 (8.95%)	7,670.00 (38.46%)	5,900.00 (29.58%)	4,590.00 (23.01%)	19,945.70 (100%)
	!4.95%!	!31.07%!	!34.24%!	!27.89%!	!21.12%!
Total (%)	36,061.70 (38.19%)	24,683.00 (26.14%)	17,232.00 (18.25%)	16,456.00 (17.42%)	94,432.70 (100%)
	!100%!	!100%!	!100%!	!100%!	!100%!

Source: Field Survey Data

This table shows that, the people with the family size of 5-9 and landholding size of 15-20 bighas have invested 46.02% of loan on cultivation and investment. But households with 15-20 bighas of land and having the family size of 10 above have invested only 8.95% of the total loan on cultivation and investment. Households with above 30 bighas of land and a family of 10 above have invested only 23.01% on cultivation and investment purpose. So these figures seem to show that the size of the family has more of an influential role upon cultivation and investment than that of landholding size.

It is needless to say that the quantum of credit supply by the Cooperatives must be adequate. But from our enquiries we found that 49 out of 50 loanee households answered that the credit supplied by the Cooperative Credit Societies were not adequate. The Cooperative Credit Institutions can provide only around 60% of the total credit requirement of the farmers. In this regard one of the important points to be noted is that, at present Cooperative Credit Societies are not coming forward to supply consumption credit to the agriculturists class which is closely related to agricultural production. This type of credit can check the misutilisation of agricultural loan given to the agriculturists.

Another important aspect of the rural credit or Cooperative Credit is that, credit must be available without undue delay. Here also 48 out of 50 respondents of Telahi Gaon Panchayat Level Samabay Samity answered that they were not getting loan in time. They got the Rabi crop loan for the year 1983-84 just when the season for Rabi crops was over. So they were not in a position to utilise the loan rightly in time, which is according to them is the reason for one non-payment of loans to the society. They utilised their loan for other than cultivation purposes i.e., consumption purpose. Again most of the loanees were of the view that the headquarter¹ of their Cooperative Society being situated at

1. Office of the Telahi Gaon Panchayat Level Samabay Samity is situated 10 Km away from North Lakhimpur town and Sample Village (Na-Ali Mishing) is situated 7 Km away from the Society's headquarter.

a distant place, it was impossible on their part to go off and on to the Society's Office for the loan, specially as the communication facility is not at all good in the area. It has also been reported to us that owing to the difficulty of transport, the loanees usually take only the cash portion of the loan leaving behind the kind portion in the Society's Office. This might explain to some extent why there has been much shortfall in the level of desired production of agriculture in the sub-division, as well as the increasing overdues in the repayment of loans. We have been told in the Mishing Village (Na-Ali Mishing) which is one of the flood affected villages of the sub-division, that it was not of much use to apply fertiliser in their lands because the flood water would always wash away all the fertilisers; again they were of the opinion that their cultivable lands were naturally fertile. So they did not take the 'kind portion' of the loan along with the cash part of it. But they were agreeable to take the kind portion of the loan if the society could assure that floods would be stopped and that proper irrigation facilities for Rabi crops in their areas would be provided. Along with these facilities the loan need to be given at the proper time.

It was also brought home to us that Cooperative Credit Societies were not impartial in granting loans. Usually a substantial part of loan was given to the stronger section of the society having large landholdings.² And members having

2. A member with a landholding above 15 bighas and with an annual income of Rs. 3000.00 will be termed as stronger member of the Cooperative Society.

huge share in the Cooperative Societies are getting more advantages from the societies. Most of the villagers could not afford to purchase even one ordinary share of Rs.10.00 from the Society. This has made the Government to introduce the scheme of nominal share of Rs. 2.00, so that, the poor people living in the area of the jurisdiction of the societies would be able to purchase a share and become a member. But this system of nominal shares did not have the desired effects. It is found that not a single nominal shareholder of the societies has been getting agricultural credit from the Cooperative Societies so far.

One of the important conditions for proper functioning of the Cooperative Credit Societies is that the cost of credit should not be unduly high. The needy agriculturists should get loan at a minimum rate of interest which may should not become a burden on them later on. But we found that Cooperative Credit Societies were charging 12.5% rate of interest for short term loan from the borrowers like Commercial Banks who also charge the same rate of interest on direct loans for agricultural purposes. Again we were told that the loanee households had to undergo lengthy formalities in getting loans from their cooperative societies. The Cooperative Societies, in turn, get loan from their respective allotted banks at 10.5% rate of interest.

Capital Structure of the Cooperative Societies

The working capital of the Cooperative Credit Societies is derived from three principal sources. Firstly, it comes from the individual member's share contribution. The value of the share is Rs. 10.00 and one has to pay Re. 1.00 as the membership fee in addition to the share value. But owing to the inability of the villagers to purchase shares of Rs.10.00 each, another share known as 'Nominal Share' has been introduced by the Cooperative Societies in Assam in the year 1966-67. The unit value of such type of shares is Rs. 2.00, plus Re. 1.00 as the enrolment or membership fee. The only distinction between the regular and nominal share is that the nominal shareholders are not entitled to get loan but they can enjoy other facilities provided by the Cooperative Societies.

The other two sources are the share capital from the Government and the Commercial Banks. State Government has purchased shares worth Rs. 1000.00. A further amount of share capital comes from the financing banks. They are required to purchase a share from respective society at the minimum value of Rs. 50.00 each. And other fellow Cooperative Societies also can purchase shares of a particular society at the value of Rs. 50.00 a share. In this way share as well as working capital is accumulated to a particular Cooperative Credit Society. Table 4.10 shows the capital structure of the Cooperative Societies working in the Sub-Division.

Table 4.10: Capital Structure of the Cooperative Societies of North Lakhimpur Sub-Division (Rs. in lakhs)

Name of GPSS	No. of members as on 30.6.83 & 30.6.84		Share Capital as on 30.6.83 & 30.6.84		Share Capital from Financing Bank (Rs.)	Working Capital as on 30.6.83 & 30.6.84
	Nominal	Regular	Own	Govt.		
1. Lakhimpur S.S. Ltd.	615 956	1803 1899	0.24 0.25	0.43 0.53	100.00 100.00	- 2.52
2. Nakari S.S. Ltd.	160 176	1607 1690	0.18 0.21	0.56 0.66	100.00 100.00	- 1.47
3. Rajgarh S.S. Ltd.	617 817	1883 1899	0.32 0.32	0.48 0.48	100.00 100.00	- 2.43
4. Subansiri S.S. Ltd.	215 250	1122 1193	0.14 0.15	0.53 0.83	100.00 100.00	- 3.04
5. Telahi S.S. Ltd.	499 510	1311 1352	0.17 0.21	0.43 0.63	100.00 100.00	- 1.83

Source: Offices of the Secretaries of five selected Gaon Panchayat Level Multipurpose Cooperative Societies in North Lakhimpur Sub-division.

Table 4.10 gives an idea about the capital structure of the Cooperative Societies in the North Lakhimpur Sub-Division. The table shows that although there are three major sources of finance for Cooperative Societies, Government is contributing a major share. Individual shareholders are contributing the next major share to the funds of the societies. The Cooperative Credit Societies allow a member to purchase more than one share. In the table we notice that Government is providing upto 0.83 lakhs of rupees to the fund of the

society. We also find that the third source of share capital i.e. the banks contribute a negligible amount to the funds of the Societies.

Composition of the Managing Board

Managing Boards of the Cooperative Societies generally consist of 12 members. Cooperative Societies has classified the members into two categories: (1) Stronger section, and (2) Weaker section. This classification of members are made on the basis of the size of landholdings and annual income.

There will be 4 members from the stronger section and 8 from the weaker section. All the members are elected by the general shareholders at the annual general meeting, at the end of the Cooperative year. The Secretaries being employee of the Cadre Management Cooperative Societies Ltd. will be the ex-officio members of the societies without voting right. We have earlier seen that there are two kinds of member in the societies viz. regular and nominal members. The second category of members do not have any voting power to select representative to the managing committee of the Societies. There is a Chairman and a Vice-Chairman for the Managing Committee who are selected by the elected members of the Cooperative Societies at the first sitting of the Committee from among themselves.

Loan Policy of the Cooperative Credit Societies

The agricultural Cooperative Credit Societies in the North Lakhimpur Sub-division of Lakhimpur District, along with the rest of Assam, were reorganised in 1973 to make them more effective for the development of agriculture. Certain principles were laid down to be followed by the Cooperative Credit Societies before granting any loan to the agriculturists. These are:

- a) A person must reside in the area of operation of the Cooperative Credit Societies.
- b) He must be a member of the Cooperative Societies.
- c) He must possess landed property.
- d) One regular shareholder will be given loan upto 20 times of his share value.³
- e) The nominal members are not eligible for loan from the Cooperative Societies, but they can request for other benefits given by the societies.

It has been found that all the Cooperative Societies working in the Sub-division follow the above guidelines while granting loans. We have been informed that upto 1980 various kinds of agricultural credit were granted to the agriculturists on the basis of 'Miadi' lands. This procedure has been

3. Twenty times of his share value means, who are having share of Rs. 10.00 with the Society will get loan upto Rs. 200.00.

simplified now a days and is applied to all kinds of land. But the landownership is necessary in order to get loans from the Cooperative Credit Societies. This has made it difficult for those farmers having very small landholdings from getting loans from the cooperative societies even when their credit needs are quite acute. Another defect of the loan policy of the cooperation is that the 'nominal members' are not given loans. The aims of the cooperative credit societies is to provide financial assistance to farmers, especially, the poor farmers under their jurisdiction. But this aim cannot be achieved if they leave out the truly needy farmers from their policy of loan to the agriculturists, which incidentally encourages the large landholding farmers with more shares of the cooperative societies to get most of the loans from the societies.

Effects of Capital Structure and Composition of the Managing Board on Loan Policies of the Cooperative Societies

Capital structure and composition of Managing Board have much influences upon the loan policy of the Cooperative Societies. Sometimes, there have been detrimental for the agricultural development of the area. Regular members contributing more money by purchasing more shares are in an advantageous position in getting more loans from the cooperative societies. There will be less scope for the poor agriculturists to increase their yield and to raise their standard of living through loans. The stronger section of the societies,

as we have seen, has a dominant position in getting loans supplied by the cooperative societies. It would seem that both the capital structure and the loan policy are not encouraging the real poor agriculturists to raise their economic conditions as well as agricultural development.

In table 4.5 it was seen that of the various categories of farmers getting loans from the cooperative societies, the farmers with large landholdings get the bulk of it than the other categories of farmers. Table 3.8(B) indicates the position about the defaulting of credit repayment. This is a common feature of the cooperative credit societies of the sub-division that the number of defaulting members are large in case of all the societies which may discourage the societies in issuing fresh loan to defaulting members. It is necessary that, the cooperative credit societies should have some powers to recover the loans granted, and their loan policies should not be based only on the shareholding or assets holding basis.

In this study, a major attempt has been to investigate the effectiveness of the Cooperative Credit Societies working in the Sub-division in helping in the process of agricultural development. We found that, from the data we collected and analysed that:

- a) The Cooperative Credit Societies have not played the expected role in helping the development of agriculture in the North Lakhimpur Sub-division.
- b) **Their** loan policies have not been conducive towards increasing productive investment in agriculture in the area; and
- c) Their loan policies have not been impartial in respect of the farmers of the area.

We briefly discuss these findings below.

(a) That Cooperative Credit Societies have failed to achieve their goal by way of granting loan to its members is a general feeling found everywhere in the area. It was expected that with the restructuring and reorganising of the cooperative credit structure in the year 1973, all the farmers living within the jurisdiction of the societies will be benefited and be able to raise their standard of living. But we have seen (Table 4.3) that the cooperative credit societies contribute only 60 percent of the total credit requirement of the agriculturists, the other 40 percent being supplied by the non-institutional credit agencies like money lenders etc. One of the aims of the restructuring of the cooperative set up was to free the agriculturists from the clutches of the money lenders. But it has been seen that they have failed to provide the credit requirement of the poor agriculturists. This is also evident when we look at

table 3.8(B) which tells us about the amount of loan outstanding for repayment. It is true that the cooperative credit societies are issuing short term (S.T.) credit for the agricultural development. But these loans have not been repaid by the agriculturists in time. So the amount of overdues are increasing over time. The table 3.10(B) also shows that most of the cooperative credit societies were not in a position to issue any loan during the period of 1982-85.

(b) Further, we found that the loan policies of the Cooperative Credit Societies have not been conducive towards increasing productive investment in agriculture in the area. This is evident when we examine tables 4.6 and 4.7. In table 4.6 we can see that the proportion of loans spent for cultivation is very small. People who are having a landholding size of 15-20 bighas, spent 40% of the loans for cultivation; people with large landholding size from 20-30 bighas and above spent much less on investment compared to small landholding farmers. On the average, investment in this category is only of the order of 20 percent. It is the small farmers who spent some proportion of the loan for agricultural purposes. But even in their case, 60 percent of the total loans is spent for other purposes, such as consumption.

However, it is interesting to note that the large farmers with landholding of 26 bighas and above spent about 32 to 44 percent of the loans for improvement of land which

includes capital investment in irrigation etc. whereas the small farmers spent only about 12 percent of the loan on the average for investment purpose. The small farmers also spent about 48 percent of the loan for consumption which is as we had expected. However, the 'large farmers' spent about 24 percent and the 'very large farmers' about 4 percent of the loans on consumption.

If we look at the columnwise expenditure of loan in table 4.6 we find that the people who are having a small landholding size spent 62 percent, 2 percent and 36 percent on cultivation, investment and consumption respectively. This would seem to indicate that the people with small landholdings spent a substantial portion of their loans on consumption. As the loans are given for productive purpose only, but has been utilised by the borrowers on consumption, it has hampered agricultural production (see table 4.6).

When we look into the fact whether loan utilisation has been influenced by the size of the family of the farmers, we find (table 4.7) that out of every hundred rupees (Rs.100) given to the farmers for cultivation, Rs. 79.00 goes to the farmers with a family size of 5-9 and another Rs. 21.00 goes to the farmers with a family size of 10 above. In the same way Rs. 54.00 and Rs. 46.00 out of Rs. 100.00 go to small and large family sizes respectively. This amount is utilised

for investment. And on the consumption head it is Rs. 84.00 and Rs. 16.00 for the small and large family size respectively. This table also makes it clear that out of the 50 households surveyed, 22 households have a landholding size of upto a maximum of 20 bighas.

Thus we find that Family size and the Landholding size are the two main factors in determining the utilisation of loans. Those who are having a large family size and small landholding size spent a substantial portion of loans on consumption purpose although it is given for investment purpose to increase the productivity of agriculture.

(c) The loan policies of the Cooperative Credit Societies have not been egalitarian in character, that is, they have not been impartial. Table 4.4 shows that people with a small family size is more dependent on credit from Cooperative Societies and people with large family size is leed dependent on Cooperative Societies. The large family size group is equally dependent on both the institutional and non-institutional sources of credit. It has been seen that those who are having large families are generally poor. So they might not able to purchase more share from the cooperative societies, because of which they are not getting equal loan which is being given to the small size families and who may be in a sound economic condition. Table 4.5 shows that those people having large landholdings are getting more loan from the Cooperatives. The Cooperative Credit Society (Telahi Samabay Samity Ltd.)

has issued credit worth of Rs. 32,131.00 to 22 families out of 50 families who fall under the group of landholding size of 15-20 bighas. The average amount of loan given by the Cooperative Credit Society to these families is Rs. 1500.00. On the other hand, there are 6 families out of 50 families which fall under the group of landholding size of 30 bighas and above are getting loan worth of Rs. 13,450.00. The average loan granted to each family is Rs. 2250.00. From these figures of granting loan, we can see that people with large landholdings are getting more credit from the Cooperative Credit Societies while small landholders with large families are denied the required credit.

CHAPTER - V

CONCLUSION

CONCLUSION

In this chapter we give a summary of the previous chapters and attempt to see whether any policy conclusions emerge from them. The objectives of our study has been to understand the working of the Agricultural Cooperative Credit Societies in North Lakhimpur Sub-Division. We have seen that agricultural credit has been the greatest need of the agriculturists as well as for agricultural development. Sound and effective credit facilities encourage more production in agricultural field and can help to improve the economic condition of the agriculturists.

But the performance of the agricultural cooperative credit societies in the North Lakhimpur Sub-Division has not been able to achieve much in this direction. In the second chapter, the analysis has been of some basic features of agricultural practices and of the physical features which influence agriculture and thus the credit requirement for it. The problem of credit was viewed in relation to fertiliser, HYV, irrigation and other inputs and also in terms of some financial agencies such as the commercial banks working in the Sub-division.

In Chapter III, an analysis of the working of cooperative credit societies has been attempted. We have also looked at the cooperative credit structure which is important in relation to the supply of credit for agricultural development.

In the fourth chapter, we made a detailed analysis of institutional agricultural credit on the basis of data collected from the field. Here we have been able to show that cooperative credit societies have not played any crucial role in the development of agriculture and their loan policies have not been egalitarian in character. Again it has been found that their loan policies have not been conducive towards increasing investment in agricultural field.

The major findings of the study may be summed up as follows:

1. At present in Assam as well as in North Lakhimpur Sub-division the cooperative credit societies are organised as multipurpose cooperative society. Functions of these societies are also various. They have been given the responsibility of public distribution of essential commodities, marketing etc. in addition to dealing with the credit activities. But it is found from our study that these societies are running short of adequate trained personnel and other staff and again running short of adequate fund. The table 5.1 shows the present staff position of the societies.

Table 5.1: Staff Position and Salary of the Staff (monthly).

Society	Staff			Salary		
	Secy.	O.A.	Peon/ Chowki- dars	Secy.	O.A.	Peon/ Chowki- dars
1. Telahi S.S.	1	2	1	480.00	500.00	150.00
2. Kamalabarua S.S.	1	2	1	480.00	350.00	250.00
3. Lakhimpur S.S.	1	2	2	450.00	550.00	350.00
4. Nakari S.S.	1	4	1	512.00	1035.00	260.00
5. Rajgarh S.S.	1	3	1	500.00	880.00	205.00
6. Subansiri S.S.	1	2	1	300.00	530.00	250.00

Source: Offices of the Secretaries, GPSS, North Lakhimpur.

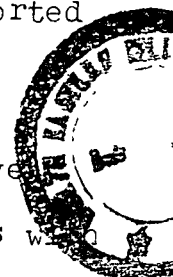
This table shows that the societies have an average of 4(four) employees. They may not be able to adequately discharge the functions entrusted to them. And it has also been observed that they are paid very low salaries. The Secretaries are being paid by the Assam Cadre Management Cooperative Society Ltd. whereas other employees are being paid out of the societies own funds. The Secretary, a trained personnel who is in overall charge of the society is getting an average salary of around Rs. 550.00 per month which of course is a very meagre amount in these days, and which would have reduced their incentive to work to the best of their efforts.

This is equally important in case of realisation of loans granted to its members. It has been observed that realisation of various loans are not satisfactory, so much so, that after 1984-85 no fresh loans were granted by some of the societies working in the Sub-division.

There would seem to be two reasons for this: (a) Because of the low salary of the Secretary of the societies and other officers, they do not have any incentive to work hard for the betterment of the societies. Their attempts for better salaries since 1975 but not been successful so far. (b) The financial position of the societies, working in the Sub-division are not sound. The other employees of the societies are to be paid out of the societies own funds. They do not seem to be very much concerned whether the loans are repaid or not.

It has been reported by many respondent loanees that they have not repaid any instalment of the loan granted to them. Some of them had applied for the loans to be written off because production was not sufficient to meet their own annual demand for consumption. Hence, there was no surplus to sell and to repay the loans. Some of them have reported that their crops were destroyed by the flood waters.

2. The Gaon Panchayat Level Multipurpose Cooperative Societies, as a multipurpose cooperative society deals with



public distribution system in addition to main credit business. We found that, at present most of the cooperative societies of this type are more interested with the secondary line of activities i.e. it deals with the business of public distribution and other consumer's goods rather than granting required loans to the agriculturists for the development of agriculture. This might perhaps be one of the reasons why their present position of repayment of loans by the members of the societies is not satisfactory. The Cooperative Societies get the fund from the allotted commercial banks at the rate of 10.5 percent and grant the loans at the rate of 12.5 percent. So, the margin of profit is small, whereas if they run other business with consumer's goods (other than agricultural inputs) there is a possibility to earn larger profit. So it is found that most of the societies are now changing their function from agricultural loan granting to its members to other business. For this purpose they are getting loan from the Cooperative Apex Bank and other Commercial Banks at the rate of 13.5 percent rate of interest. The table 5.2 gives some figures regarding the performance of GPSS.

Table 5.2: Performance of GPs at a Glance (1983-84)

Sub-Division	Total Society	Loan issued during 1983-84			Business turnover during 1983-84					
		Below Rs.1 lakh	1-3 lakhs	3-5 lakhs	Over 5 lakhs	Below Rs.5 lakhs	5-10 lakhs	10-20 lakhs	20-50 lakhs	50-100 lakhs
1	2	3	4	5	6	7	8	9	10	11
1. Sadia	3	2	-	-	-	-	-	3	-	-
2. Tinsukia	18	12	2	-	-	8	9	1	-	-
3. Dibrugarh	34	8	1	-	-	14	17	2	-	-
4. Sibsagar	22	9	11	-	-	4	17	1	-	-
5. Charaidew	11	4	4	-	-	3	5	1	-	-
6. Jorhat	30	6	1	1	-	5	16	5	-	-
7. Majuli	6	5	1	-	-	6	-	-	-	-
8. Golaghat	30	5	1	1	-	20	10	-	-	-
9. Karimganj	16	7	-	-	-	3	10	3	-	-
10. Ramkrishna-nagar	16	1	-	-	-	-	11	4	-	-
11. Hailakandi	16	7	8	-	-	-	14	2	-	-
12. Silchar	39	19	1	-	-	2	18	17	-	-
13. Nagaon (E)	16	1	-	-	-	8	8	-	-	-
14. Nagaon (W)	27	8	3	-	1	12	14	-	-	-
15. Hojai	18	1	1	-	-	12	6	-	-	-
16. Merigaon	28	7	1	-	1	24	4	-	-	-
17. Guwahati	25	4	-	-	-	1	8	14	1	1
18. Rangiya	21	4	1	-	-	2	10	7	1	-
19. Nalbari	37	9	1	-	-	16	19	1	-	-

Table 5.2 (Contd.)

1	2	3	4	5	6	7	8	9	10	11
20. Barpeta	46	11	5	3	4	10	29	4	-	-
21. Goalpara	21	8	1	2	-	7	12	1	-	-
22. N. Salmara	14	1	-	-	-	8	6	-	-	-
23. Dhubri	29	19	1	-	-	4	11	14	-	-
24. Hatsingimari	14	3	-	-	-	5	5	4	-	-
25. Kokrajhar	27	7	-	-	-	7	20	-	-	-
26. Gossaigaon	11	4	-	1	-	1	10	-	-	-
27. Mangaldoi	24	18	1	-	-	3	19	1	-	-
28. Udalguri	18	11	1	-	-	3	12	2	1	-
29. Biswanath Chariali	13	5	-	-	-	5	7	1	-	-
30. Tezpur	26	14	1	-	-	4	21	1	-	-
31. N. Lakhimpur	22	14	4	-	-	10	12	-	-	-
32. Jonai	2	2	-	-	-	-	-	1	1	-
33. Dhemaji	18	14	1	-	-	16	1	1	-	-
Total	698	250	52	8	6	223	361	91	4	2

Source: Administrative Report on Cooperatives in Assam for 1983-84 and 1984-85, Registrar of Cooperative Societies, Assam, pp. 56-57.

The table shows that there are only 6 (six) Cooperative Societies working in Assam which gave loan above Rs.5 lakhs to agriculturists during the year 1983-84. On the other hand, there are 361 societies during the same period, whose business turnover were in between Rs. 5-10 lakhs. There were two such societies whose business turnover were in between Rs. 50-100 lakhs. These facts would seem to show that the present cooperative societies are giving more importance to consumer business activities rather than to credit business for the development of agriculture.

3. One of the important findings of our study is that the non-institutional credit agencies are still playing an important role in the field of agricultural credit especially to rural mass. One of the aims of reorganisation and restructuring the credit system was that it would encourage the cultivators to take more credit from the Cooperative Credit institutions and then from the non-institutional credit agencies will could then be eliminated from the scene of rural credit. But this has not been realised. The private source of credit is still providing 40 percent of the total credit requirements of the rural people.

4. Another important finding of our study is that the area of operation of the Gaon Panchayat Level Multipurpose Cooperative Societies (GPSS) is very large. In the plain districts of Assam, GPSS were organised under the recommen-

dation of the National Commission on Agriculture in the year 1973. Each of the GPSS has an area of operation coterminus with that of Gaon Panchayat (G.P.) and with about 20-25 thousand of population and in about an average of 35 villages. Most of the villages are without proper communication facilities. So it is quite difficult on the part of the societies to keep in close touch with the people of those areas.

5. The Cooperative Credit Societies cannot be expected to achieve much if left to work alone without technical guidance about agriculture which is one of the basic information to be given to farmers. Not that there is no dearth of technical knowhow, but there is no proper coordination among the departments concerned.

6. It has been observed that rate of interest is not at all encouraging the agricultural production. Cooperative Credit Institutions are charging 12.5 percent rate of interest on short term credit from its borrowing members which is almost same as the interest rate charged by commercial banks in case of other direct loans to agriculturists. This might discourage the agriculturists to apply for loans from the cooperative credit societies by observing lengthy formalities. It might be worth considering whether the following policies could be implemented for a better working of the cooperative credit societies.

- (a) To encourage the working staff of the cooperative societies for better result in dealing with credit, the salary of the secretaries and of the other staff should be revised upwards substantially.
- (b) The secretary must be a well educated and trained person and he should be given full responsibility and power to work for the betterment of the agriculturists.
- (c) The societies should make themselves convinced about the repaying capacity of the members before granting loans. Proper criteria for this may be devised.
- (d) North Lakhimpur Sub-division is a flood affected area. It is not of much use to farmers to be given kharif loan in some flood affected areas. So more emphasis might be given to grant 'Rabi' crops loan to those flood affected areas.
- (e) No one should be allowed to take the cash part without the 'kind' part of the loan.
- (f) The loans given by the cooperatives must be readily available in times of need. It is said 'justice delayed is justice denied'. This is equally true in case of agricultural credit that 'credit delayed is credit denied'. If the cooperatives want to free the agriculturists from taking undesirable loans from the money lenders, they must simplify their loan procedures and make credit as timely and easily available as the money lenders do.

- (g) The major requirement of any agricultural credit is that, it should be a 'dynamic' credit. It should help to generate further investments thus and accelerate agricultural development.
- (h) The cooperative credit societies have to ensure that their lending machinery is matched by a recovery machinery. An imbalance in this respect can lead to defaulting and consequent collapse of the credit system. Emphasis might be given in the application of 'linking of credit with marketing' wherever applicable for the realisation of credit just after the harvesting period.
- (i) As we have seen that the area of operation of a cooperative society is very large, the work load for the officials is generally heavy. It is possible that the societies may not render their services towards the development of agriculture in all the areas. So it is suggested that the number of societies should be increased; at least two cooperative credit societies to serve the present area of 20-25 thousand of people. Or, on the other hand, there should be more trained persons in the present societies to serve the different areas and thus the entire population of the societies.
- (j) The present Gaon Panchayat Level Cooperative Societies of Assam are known as multipurpose cooperative societies with various functions entrusted to them. Providing

credit facility to the farmers is one of the important functions of the societies. The cooperative societies should give more emphasis on credit business than that of dealing with other consumer goods. For doing this, it may be suggested that all the employees of the cooperative societies should be paid their increased salaries by the State Government so that there would be no temptation for them to use the fund of the societies for other purposes.

- (k) There should be co-ordination and cooperation between all the agencies engaged in agricultural development, either in terms of finances or technology or in other matters.
- (l) It may be suggested that the cooperative societies need to be target-oriented. The practices of fixing targets and the fulfilling them may help the cooperative officers of the department to improve the operation of the system.
- (m) No soil testing has been done so far in the North Lakhimpur Sub-division to judge the feasibility of production of various crops. So it may be advisable that soil testing should be done in the sub-division properly and credit should be given for those crops more suitable in a particular area of land.
- (n) Periodical evaluation should be made to evaluate the progress of Agricultural Cooperative Credit Societies in the State. Such evaluation carried out by expert

committees, may indicate measures for the better working of the cooperative credit societies in the future.

To sum up in order that cooperative credit may succeed in its aim of freeing the cultivators from the hands of the money lenders and contribute to the development of agriculture, the credit supplied by the cooperative credit societies must be sufficient to meet the farming needs of the agriculturists. As there are no provisions of the consumption and festival credit in the societies which we have studied, the agriculturists are bound to depend upon the non-institutional sources of credit specially upon the money lenders. So it might be advisable to make necessary provisions of such kinds of loans required by the agriculturists and which have a close relationship with the productivity of agriculture. Again, the credit supply must be in proper form, credit must be available immediately when required, credit must be need-oriented, the cost of credit should be reduced and the structure and size of the cooperative credit institutions must be conducive for efficient working.

In addition to these, the communication and transportation system must be improved, and all the villages should be covered by the facility of electricity which would contribute to a remarkable extent for the successful working of the cooperative credit societies for the development of agriculture in the sub-division and the State of Assam.

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