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DECLARATION

I, **Purnima Das Gupta**, bearing Ph.D. Registration No. Ph.D/1322/2010 dated 17-09-2010, hereby declare that the subject matter of the thesis entitled ***“PATTERN OF AGRICULTURAL FINANCING BY COMMERCIAL BANKS IN HAILAKANDI DISTRICT OF ASSAM-WITH SPECIAL REFERENCE TO KCC SCHEME”*** is the record of work done by me and that the contents of this thesis did not form the basis for award of any degree / diploma to me or to anybody else to the best of my knowledge. The thesis has not been submitted in any other University/ Institute.

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PREFACE

Agricultural development plays a crucial role in economic development. Agricultural development depends on capital formation. Credit acts as an engine of agricultural development. Agricultural sector is always considered a place full of uncertainty. Agriculture and allied sector being an important part of emerging Indian economy attracts government involvement through Kisan Credit Card (KCC) scheme. To push up the economic growth as well as agricultural growth and also to overcome the financial constraints of the farmers and bank officials, the Government has launched Kisan Credit Card (KCC) scheme in 1998-99 to provide adequate and timely credit support to the farmers from the institutional banking agencies in a flexible, hassle-free and cost-effective manner. Thus, it is very important to understand the behaviour of the farmer's so that a farmer can be careful at the time of investment for fully utilization of credit in his farming activities.

The present research is done to analysis the pattern of agricultural financing by Commercial banks in Hailakandi district of Assam with effectiveness of Kisan Credit Card (KCC) scheme. It also shows the relationship between agricultural credit and productivity. Further, it also depicts the relationship between agricultural credit and profitability and also reveals the relationship between agricultural credit and recovery rate. It also tries to identify the responsible determinant of agricultural credit effectiveness. Finally, the study attempts to examine the magnitude and causes of mounting over dues of bank credit under Kisan Credit Card scheme.

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LIST OF ABBREVIATIONS

| | |
|---------|---|
| AACP | Assam Agriculture Competitiveness Project |
| ACAB | Assam Co-operative Apex Bank Ltd. |
| ACP | Annual Credit Plan |
| ASCARDB | Assam State Co-operative Agricultural Rural Development Bank Ltd. |
| BL | Bank Loan |
| BGREI | Bringing Green Revolution to Eastern India. |
| CBs | Commercial Banks |
| DCP | District Credit Plan |
| DCCBs | District Central Cooperative Banks |
| FM | Farm Mechanization |
| FMC | Field Management Committee. |
| FC | Farmers' Club |
| GLC | Ground Level Credit |
| GoA | Government of Assam |
| GoI | Government of India |
| JLG | Joint Liability Group |
| KCC | Kisan Credit Card |
| MI | Minor Irrigation. |
| NABARD | National Bank for Agriculture and Rural Development |
| NAIS | National Agriculture Insurance Scheme |
| NER | North Eastern Region |
| NFS | Non Farm Sector |
| NGO | Non Governmental Organisations |
| PACS | Primary Agricultural Credit Societies |
| PLI | Primary Lending Institution |
| PLP | Potential Linked Credit Plan |
| PRI | Panchayati Raj Institutions |
| RBI | Reserve Bank of India |
| RIDF | Rural Infrastructure Development Fund |
| RKBY | Rashtriya Krishi Bima Yojana |
| RRBs | Regional Rural Banks |
| SHGs | Self Help Groups |
| STW | Shallow Tube Well |

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GLOSSARY

CONCEPTS AND DEFINITION

Indigenous Bank: Indigenous bank can be defined as any individual or private firm receiving deposits and dealing in hundies or lending money.

Manusmriti: Manusmriti is one of the oldest books in Indian context, which was written before 1000 BC.

Crop Production: The estimates of crop production are prepared by multiplying the output with the prices prevailing at the time of harvesting. Production of fodder crops is computed on the basis of price prevailing in the village and market.

Repaying Capacity: The repaying capacity of a firm household is calculated by deducting working capital (excluding short term loans) and family expenditure from total income of the household.

Outstanding Loans: The amounts left with the borrowers for realisation on a particular date are called as outstanding loans. Outstanding loans are estimated total borrowings minus amount repaid.

Amount Overdue: A part of the outstanding loans becomes overdue loan if not realised within certain definite time limit. It is defined as: Overdues are equal to the amount due for payment minus amounts actually repaid.

Main Worker: Who worked for 183 days or six months or more in a year.

Marginal Worker: Who worked for any time in the year preceding the enumeration but did not work for a major part of the year.

KCC Holders: Who have taken agricultural loan under Kisan Credit Card scheme.

Non-KCC Holders: Who are engaged with agricultural activities but not taken Kisan Credit Card loan.

Non-workers: Non- workers are those who have not worked for any time at all in the year preceding the date of enumeration.

Household: A household is defined as a group of persons normally living together and taking food from a common kitchen.

Owned Land: This includes land owned as well as the land over which there is a right of permanent heritage possession.

Operational Holding: All land which is used wholly or partly for agricultural production and is operated (directed/ managed) by a household alone or jointly with other households, with or without the assistance of others and regardless of title, size or location, constitutes an operational holding.

Agricultural Labourer: A person is considered as an agricultural labourer if he follows any of the following agricultural operations in the capacity of a labourer on hire or on exchange: (i) farming, (ii) dairy farming, (iii) production of any horticultural commodity, (iv) raising of livestock, bee keeping or poultry farming, and (v) any work performed on a farm in connection with farm operations.

Agriculturist Moneylender: Agriculturist moneylender is defined as one having agriculture as his major occupation and money lending as a subsidiary business.

Professional Moneylender: A professional moneylender is a person receiving major part of his income from money lending.

Relative And Friend: All loans received from relatives or friends at free of interest are classified as borrowings from 'relatives' or 'friends'. If, however, a loan advanced is not interest free, it is then classified under an appropriate agency such as agriculturist moneylender, depending upon the occupation of the person who advanced the loan.

Credit: Credit is a financial facility which enables a person or business to borrow money to purchase products, raw material, components, and so on, and to pay for them over an extended time period. This is linked with creditworthiness in the sense that it is a source of honour and pride, of a person's financial standing and of the acknowledgement of being paid by an entry on the credit side of an account.

Debt: Debt is defined as an amount of money owed by a person, firm, or government to a lender. It is a state of obligation to something owed.

Loan: It is the advance of a specified sum of money to a person or business (the borrower) by another person or business, or more particularly by a specialist financial institution (the lender), which makes its profits from the interest charged on loans. It is something lent, especially a sum of money to be returned normally with interest.

Borrow: It is to acquire something, especially money, temporarily with the promise or intention of returning. Borrowing is an economic bargain with a pledge.

Note: In this research study, the expressions credit, loan and borrowing are used interchangeably.