

1. TITLE OF RESEARCH TOPIC:

PATTERN OF AGRICULTURAL FINANCING BY COMMERCIAL BANKS IN HAILAKANDI DISTRICT OF ASSAM-WITH SPECIAL REFERENCE TO KCC SCHEME

2. STATEMENT OF THE PROBLEM:

In India, the agriculture sector plays an important role in the respect of contribution to GDP, employment and income and its slow growth rate will have an adverse impact on the overall growth of the economy. Therefore, high rate of investment in the primary sector needs to be well appropriately structured, timed and well implemented with maximum effectiveness to achieve the desired level of growth. Agricultural credit is one of the most crucial inputs in all agricultural development programmes in India. At the time of Independence, the most important source of agricultural credit was the money lenders. The prominent position of the money lenders was due to the reason that there was no other source worth the name and the farmers were forced to borrow from them. This almost total dependence of farmers on the money lenders enabled the latter to dictate terms and exploit the former in a number of ways. The Government has, therefore, undertaken various steps to free the agriculturists from the clutches of the money lenders were the expansion of institutional credit to agriculture. Considering the dominant role of the agriculture sector and the importance of credit as an input, both RBI and National Bank for Agriculture and Rural Development (NABARD) have taken several initiatives for simplification of systems and procedures and designing of innovative credit delivery products in dispensation of agriculture credit. However, the traditional system of procedures, documentation etc. adopted by the banking system had rendered availment of credit by the farmers rather cumbersome. Provision of timely, adequate and hassle-free credit to farmers continues to be one of the major tasks for banks in India.

In this context, the Kisan Credit Card (KCC) scheme introduced in 1998-99 was a step towards facilitating the access to Short Term (ST) credit for the borrowers from the financial institutions. The scheme was conceived as a unique credit delivery mechanism, which aimed at provision of adequate and timely of short term credit to the farmers to meet their crop production requirements. The primary objective of KCC

Scheme was to provide an instrument, which would allow farmers to purchase agricultural inputs such as seeds, fertilizers, pesticides and also withdraw some cash for meeting their production related requirements. It is a matter of concern that providing KCC's to all the eligible farmers by 2004, the progress of North-East as a whole and specifically the district of Hailakandi is found to be very tardy. So, the various constraints faced by the farmers as well as by Commercial banks need to be problematised and addressed rigorously for an in-depth analysis. Therefore, the study aims at reviewing and examining the effectiveness of KCC Scheme in Hailakandi district of Assam with analyzing the nature of agricultural finance.

3. RESEARCH GAP:

Most of the existing literature emphasized rural credit on agriculture sector with reference to KCC scheme at national and regional level. But the subject demands an in depth study at micro level. But, in the region of Hailakandi District of Assam, so far, no remarkable study on the subject has been undertaken. So, there is a gap in the existing literature.

4. OBJECTIVES OF THE STUDY:

In an attempt to examine the "PATTERN OF AGRICULTURAL FINANCING BY COMMERCIAL BANKS IN HAILAKANDI DISTRICT OF ASSAM-WITH SPECIAL REFERENCE TO KCC SCHEME", the present study has taken into account five different objectives which are delineated as below:

- To study the socio-economic condition of the Kisan Credit Card holders of the Hailakandi District.
- To examine the nature and extent of agricultural finance by Commercial Banks in Hailakandi District during 2003-04 to 2012-13 with special reference to KCC Scheme.
- To evaluate the effectiveness of the KCC Scheme in Hailakandi District during the period of 2003-04 to 2012-13.
- To examine the magnitude and causes of mounting over dues of bank credit under Kisan Credit Card scheme.
- To suggest possible remedies based on the findings of the study.

5. HYPOTHESES TESTING:

The hypotheses testing for the present research purpose were considered broadly on four different grounds:- (A) Economic Condition; (B) Productivity; (C) Profit and (D) Recovery Rate between the KCC holders and Non-KCC holders. In order to develop the hypotheses, the researcher has taken the KCC holders as experimental groups and Non-KCC holders as control groups.

The specific hypotheses that are delineated as follows:-

1. There is no significant difference in the socio-economic condition between the KCC holders and Non-KCC holders.

In order to test the above hypothesis, some socio-economic parameters have been taken namely literacy, livelihood source, possession of total land, cropped land holding, house structure, hygienic sanitation, availability of electricity, energy sources, food security, technology used for cultivation, possession of bank account, habit of saving in the bank and migration of rural work force. On the basis of these socio-economic parameters, above hypothesis has been divided into different sub-hypotheses to draw a conclusion about the socio-economic characteristics of the Kisan Credit Card holders and Non-Kisan Credit Card holders of Hailakandi District of Assam.

SUB-HYPOTHESES:

- a. There is no significant difference in the literacy rate between the KCC holders and Non-KCC holders.
- b. There is no significant difference in regard of source of livelihood between the KCC holders and Non-KCC holders.
- c. There is no significant difference in the possession of total land between the KCC holders and Non-KCC holders.
- d. There is no significant difference in the cropped land holding between the KCC holders and Non-KCC holders.
- e. There is no significant difference in the house structure between the KCC holders and Non-KCC holders.
- f. There is no significant difference in the hygienic sanitation between the KCC holders and Non-KCC holders.

- g. There is no significant difference in the availability of electricity between the KCC holders and Non-KCC holders.
 - h. There is no significant difference in the energy sources between the KCC holders and Non-KCC holders.
 - i. There is no significant difference in the regard of food security between the KCC holders and Non-KCC holders.
 - j. There is no significant difference in the technology used for cultivation between the KCC holders and Non-KCC holders.
 - k. There is no significant difference in the possession of bank account between the KCC holders and Non-KCC holders.
 - l. There is no significant difference in the habit of saving in the bank between the KCC holders and Non-KCC holders.
 - m. There is no significant difference in the migration of rural workforce between the KCC holders and Non-KCC holders.
2. There is no significant difference in the productivity between the KCC holders and Non-KCC holders.
 3. There is no significant difference in the profit between the KCC holders and Non-KCC holders.
 4. There is no significant difference in the recovery rate between the KCC holders and Non-KCC holders.

6. RESEARCH METHODOLOGY:

Types of Research: Exploratory and descriptive.

Nature of data and analysis: Qualitative and Quantitative approach.

7. SAMPLING FRAMEWORK:

A. Size of the sample-

The research study area is Hailakandi District of Assam. This district constitute by five Development Blocks, namely Hailakandi Development Block, Algapur Development Block, Lala Development Block, Katlicherra Development Block and South Hailakandi Development Block. In this research study, the researcher has taken four Development

Blocks namely Hailakandi, Algapur, Lala and Katlicherra. For the purpose of investigation, a field survey of the KCC holders as experimental groups and Non-KCC holders as control groups are included in the sample. There are 83,011 farm families consisting of 88,488 farmers (land holding) practising agriculture in Hailakandi District of Assam. Therefore, by using the means of Maccor and Raosoft sample size calculator with 95% confidence level and 5% confidence interval, 384 sample size have been taken¹. Total sample size purposely equally divided into 192 Kisan Credit Card holders and 192 Non-Kisan Credit Card holders practising agriculture covering four Development Blocks of the district, namely Hailakandi Development Block, Algapur Development Block, Lala Development Block and Katlicherra Development Block. Again, sample size purposely equally divided into 48 number of Kisan Credit Card holders and 48 number of Non-Kisan Credit Card holders of different land holding sizes has been randomly selected from per four Development Blocks of the Hailakandi district for the purpose of this research study.

B. METHOD OF SAMPLING:- Purposive Random sampling method.

C. METHOD OF PRIMARY DATA COLLECTION: - In carrying out the research study the researcher have to rely both on primary data and secondary data. Primary data collected by means of Interview Schedule. Besides, views and opinion of persons acquainted with the problem of KCC Schemes helpful for the research study, although this requires greater care while using.

D. METHOD OF SECONDARY DATA COLLECTION:- Secondary data have been collected from various issues of RBI Bulletin, NABARD Bulletin, Journals, Annual reports of Economic Survey; Financial Papers, Indian Journal of Agricultural Economics, Books, articles etc. published on web sites also be a good source of secondary data.

E. STATISTICAL TOOLS AND TECHNIQUES:-

The data were analyzed by employing simple percentages and descriptive statistics. Chi-square has also been used to test the hypotheses.

¹. Note: According to the Maccor and Raosoft sample size calculator, the sample size is 383. But for equal distribution of sample between four Development Blocks, the researcher has been taken 384 size of sample.

8. SCOPE OF THE STUDY:

The scope of the present study is limited to the Hailakandi District of Assam. In an attempt to examine the role of agricultural finance, the study has also reflected the significance of using KCC scheme as a potential tool for better agricultural growth in the context of today's food security mission in the country. From the findings of the present study, the planners and bank officials will gain an insight in developing a comprehension plan in the context of agriculturalist especially landless, marginal and small farmers. Apart from the above, focus has also been made to have a coverage of the matters relating to the institutional agricultural credit and specifically KCC scheme viability that the bank officials can exercise in order to influence the attitude of the KCC holders and also Non-KCC holders of Hailakandi district keeping in mind their camping, advertisement, consciousness about the schemes and marketing objectives.

9. CHAPTER SCHEMES OF THE STUDY:

The final report of the survey has been presented in seven chapters. The following gives a synoptic view of the contents of the chapters:

CHAPTER 1:- INTRODUCTION

This chapter with the heading "Introduction" introduces the topic of the study and includes in it conceptual framework of agricultural credit and KCC scheme, the statement of the problem, objectives of the study, hypotheses of the study, literature review presented an overview of the available literatures conducted by individual researchers and research institutions on agriculture sector and institutional credit in India and also in Assam state, relevant to the present research work finally identified the research gap, scope and limitations of the study and the chapters of the research report.

Research Methodology:-

The title "Research Methodology" discusses the methodology adopted for the study. It includes sampling framework, research instrument, and statistical tool and techniques.

This chapter serves as the foundation on the basis of which the other chapters of the study are developed.

CHAPTER 2:- AGRICULTURAL FINANCING PATTERN BY COMMERCIAL BANKS

This chapter with the heading “Agricultural Financing Pattern by Commercial Banks” introduces the historical perspective in the development of banking in India highlights the facts of growth and performance of scheduled commercial banks in agriculture sector in India and Assam state with specific reference to Kisan Credit Card scheme. This chapter gives an overview of the branch expansion, growth of deposits and credit, credit-deposit ratio, priority sector lending and agricultural credit performance of the banking agencies in the country with the progress of Kisan Credit Card scheme in India and Assam state.

CHAPTER 3:- PROFILE OF HAILAKANDI DISTRICT OF ASSAM

Chapter three deals with general socio-economic profile of the study area –Hailakandi district highlights geographical conditions, occupational structure, demographic profile and banking activities. This chapter gives an overview of the agricultural financing pattern by commercial banks in Hailakandi district with specific reference to performance of Kisan Credit Card scheme.

CHAPTER 4:- SOCIO-ECONOMIC ANALYSIS OF KISAN CREDIT CARD HOLDERS OF HAILAKANDI DISTRICT

The chapter with the title “Socio-Economic Analysis of Kisan Credit Card holders of Hailakandi District” is an attempt to present analyse and interpret the quantitative and qualitative views or opinions of the KCC and Non-KCC holders of four Development Blocks of Hailakandi district on some socio-economic parameters to establish a comparison between KCC holders and Non-KCC holders.

CHAPTER 5:- ANALYSIS OF EFFECTIVENESS OF KISAN CREDIT CARD SCHEME IN HAILAKANDI DISTRICT

This chapter with the heading “Analysis of Effectiveness of Kisan Credit Card Scheme in Hailakandi District” introduces the awareness and effectiveness of the Kisan Credit Card Scheme with influence of KCC loan to increase income and agricultural

productivity. Inadequacy and diversion of KCC loan with reasons are also present in the research study.

CHAPTER 6:- PROBLEMS OF OVERDUES OF KISAN CREDIT CARD SCHEME

Chapter six deals with reasons for low frequency of withdrawals and repayment, outstanding loans and loan overdue of KCC holders under Kisan Credit Card Scheme in Hailakandi District. Repayment schedule of the KCC holders and reasons for default are also analysed.

CHAPTER 7:- SUMMARIZATIONS OF THE STUDY; SUGGESTIONS AND CONCLUSION

Finally, the chapter with the title “Summarizations of the study, Suggestions and Conclusion” presents a brief summary of the findings and presents the conclusion of the study. It also attempts the suggestions about the better implementation of the Kisan Credit Card scheme through the banking agencies in the Hailakandi district.

These are followed by Bibliography and Appendices.

10. LIMITATIONS OF THE STUDY:

Like others, the study is also not free from limitations. In spite of the best effort, the researcher may not be able to avoid them because of many practical constraints. The limitations, however, may be pointed out as below:-

- (1) The study is not free from inherent limitations of the sampling method and secondary data.
- (2) It is difficult to memorize all the information's for the farmers which are gathered may be less reliable.
- (3) The findings of the research study may not be equally applicable to other parts of the country due to unique characteristics of the region.
- (4) A further limitation of the study is that methodology used in the research study do not gauge the qualitative attributes of the respondents like moral standards, social beliefs etc.

11. SUMMARY OF FINDINGS OF THE STUDY:

The main findings drawn on the basis of objectives of the study and analysis of data are mentioned below:

- A. FINDINGS OF THE STUDY FROM OBJECTIVE ONE:** To study the socio-economic condition of the Kisan Credit Card holders of the Hailakandi District.
1. In aggregate 81 per cent of KCC holders and 80 per cent of Non-KCC holders are literate. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is higher than calculated value (0.066) and hence the first sub-null hypothesis that is there is no significant difference in the literacy rate between the KCC holders and Non-KCC holders is accepted. Therefore, it is insignificant.
 2. It reveals that, in aggregate 22 per cent of KCC holders have taken farming as their primary source of livelihood, 45 per cent on business and 9 per cent on service sector reflects that actual farmers did not get the KCC loan. In aggregate 37.0% of the Non-KCC holders are dependent on farming as their primary source of livelihood. It also reveals that rural people are now diverting from farming activity to other activities for improving their standard of living. The table value of χ^2 for 3 degrees of freedom at 5 percent level of significance is 7.815 which is lower than calculated value (18.816) and the second sub-null hypothesis that is there is no significant difference in regard of source of livelihood between the KCC holders and Non-KCC holders is rejected. Therefore, it is significant.
 3. Among the four types of land holding pattern like landless, marginal, small and large, highest proportion of both KCC holders (34.0%) and Non-KCC holders (41.0%) are belongs to marginal type of land holding . The table value of χ^2 for 3 degrees of freedom at 5 percent level of significance is 7.815 which is higher than calculated value (3.106) and hence the third sub-null hypothesis that is there is no significant difference in the possession of total land pattern between the KCC holders and Non-KCC holders is accepted. Therefore, it is insignificant.
 4. In the respect of total cropped land holding, total 82.0% of the KCC holders and 77.0% of the Non-KCC holders have found landless and marginal farmers. It is

observed that in the four Development Blocks of Hailakandi district, the existence of landless and marginal farmers are higher than small and large farmers. The table value of χ^2 for 3 degrees of freedom at 5 percent level of significance is 7.815 which is higher than calculated value (2.086) and hence the fourth sub-null hypothesis that is there is no significant difference in the total cropped land holding between the KCC holders and Non-KCC holders is accepted. Therefore, it is insignificant.

5. In the aspect of house structure, it reflects that highest percentage of KCC holders (59.0%) and Non-KCC holders (55.0%) possesses the semi-pucca houses than kutcha houses and pucca houses. The table value of χ^2 for 2 degrees of freedom at 5 percent level of significance is 5.991 which is higher than calculated value (1.344) and hence the fifth sub-null hypothesis that is there is no significant difference in the house structure between the KCC holders and Non-KCC holders is accepted. Therefore, it is insignificant.
6. On the ground of hygienic sanitation condition, it is found that 41.0% of KCC households and 57.0% of Non-KCC households use kutcha sanitation where remaining KCC households and Non-KCC households possesses semi-pucca and pucca sanitation. The table value of χ^2 for 2 degrees of freedom at 5 percent level of significance is 5.991 which is lower than calculated value (11.88) and hence the result of the experiment does not support the sixth sub-null hypothesis that is there is no significant difference in the hygienic sanitation between the KCC holders and Non-KCC holders. Therefore, it is significant.
7. 79 per cent of KCC households and 69 per cent of Non-KCC households have the facility of electricity. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (4.85) and hence the result of the experiment does not support the seventh sub-null hypothesis that is there is no significant difference in the availability of electricity between the KCC holders and Non-KCC holders. Therefore, it is significant.
8. The research study indicates that both KCC households (67.0%) and Non-KCC households (77.0%) uses fuel wood as their most favourable energy source than LPG. Liquid Petroleum Gas (LPG) which is the second energy source use by

29.0% of KCC households and 17.0% of Non-KCC households. The table value of χ^2 for 2 degree of freedom at 5 percent level of significance is 5.991 which is lower than calculated value (7.278) and hence the eighth sub- null hypothesis that is there is no significant difference in the energy sources between the KCC holders and Non-KCC holders is rejected. Therefore, it is significant.

9. Availability of enough food throughout the year is a good sign mark for food security and in this aspect the condition of KCC holders (90.0%) is more secure than Non-KCC holders (77.0%). The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (10.8) and hence the result of the experiment does not support the ninth sub-null hypothesis that is there is no significant difference in the food security between the KCC holders and Non-KCC holders is rejected. Therefore it is significant.
10. In aggregate 38.0 per cent of KCC holders and 24.0 per cent of Non-KCC holders gradually adopted physical technology instruments in the cultivation process. A large majority of the cultivators both KCC holders (44.0%) and Non-KCC holders (56.0%) cultivate their field by using both types of primitive and technological methods although high price demanded for hired inputs in the local area in seasonable time. The table value of χ^2 for 2 degrees of freedom at 5 percent level of significance is 5.991 which is lower than calculated value (15.278) and hence the tenth sub-null hypothesis that is there is no significant difference in the technology used for cultivation between the KCC holders and Non-KCC holders is rejected. Therefore, it is significant.
11. It is found that 2.0% of KCC holders without having bank passbook getting KCC loan and 15.0% of the Non-KCC holders do not possess bank account or post office account. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (21.932) and hence the result of the experiment does not support the The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (21.932) and hence the result of the experiment does not support the eleventh sub-null hypothesis that is there is no significant difference in the possession of bank account or post office account between the KCC holders and Non-KCC holders. Therefore, it is significant.

12. The research study depicts that 40.0% of KCC holders and 53.0% of Non-KCC holders have habit of saving in the banks which helps to upgrade their standard of living. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (6.54) and hence the result of the experiment does not support the twelfth sub-null hypothesis that is there is no significant difference in the habit of saving in the banks between the KCC holders and Non-KCC holders. Therefore, it is significant.
13. A sizable section of rural youths of KCC and Non- KCC households not wanted farming as an occupation and migrated to other cities due to inadequate land holding, absence of subsidiary industry during off season, lack of interest in farming and raising of low income from agriculture sector for alternative avenues of employment and livelihood. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841 which is lower than calculated value (7.38) and hence the thirteen sub-null hypothesis that is there is no significant difference in the migration of rural workforce between the KCC holders and Non-KCC holders is rejected. Therefore, it is significant.

Most of the sub-hypotheses on the ground of socio-economic parameters are significant, so we can conclude that the main hypothesis “there is no significant difference in the socio-economic condition between the KCC holders and Non-KCC holders” is rejected.

14. It is found that 64.0% of KCC holders and 72.0% of Non-KCC holders have identified that limited or no saving capabilities is the main reason for not saving in the bank branches followed by low rate of interest provided by banks supported by 21.0% of KCC holders and 23.0% of Non-KCC holders.

15. One important fact is that, availing credit facility through KCC scheme, still 18.0% of KCC holders have taken informal loan for production purposes. 21.0% of Non-KCC households have taken informal loan for daily consumption purposes where 16.0% have taken informal loan for other purposes. 45.0% of Non-KCC households having no indebtedness and possess assets.

16. It is found that provision of high income in other activities than farming activities; inadequate land holding and absence of subsidiary industry during off

season are some most influencing factors among the KCC and Non-KCC households of four Development Blocks of Hailakandi district which migrated rural people to urban areas for seeking livelihood source.

B. FINDINGS OF THE STUDY FROM OBJECTIVE TWO: To examine the nature and extent of agricultural finance by Commercial Banks in Hailakandi District during 2003-04 to 2012-13 with special reference to KCC Scheme.

1. In 2012-13, there are 28 branches of different banks, among them 16 branches of Scheduled Commercial Banks, 8 branches of Regional Rural Banks i.e. Assam Grameen Vikash Bank, 2 branches of the Assam State Co-operative Apex Bank Ltd and 2 private banks facilitating the banking services. The Lead bank of the district is United Bank of India and it formulates the Annual Credit Plan for the scheduled banks operating in the district. During the study period from 2003-04 to 2012-13, the number of bank branches increases from 24 to 28 reflected annual compound growth rate is only 1.55 percent.
2. The total compound annual growth rate of loan and advances outstanding of the banking agencies in the Hailakandi district during the research study period is 18.54 percent. The compound annual growth rate of the Commercial banks is 18.41 percent where RRBs followed 23.34 percent of growth rate is higher than the commercial banks and the co-operative banks whereas co-operative banks annual growth rate is 0.20 percent.
3. The percentage of achievement of disbursement of total agricultural credit against the target was the minimum of 38.47 percent in 2007-08, but in the subsequent years, the percentage of achievement of disbursement has been gradually increasing. In the year 2010-11, the percentage of achievement of disbursement of total agricultural credit against the target has been reached at the highest peak to 141.21 percent. There is a large gap between the target and achievement under the institutional credit flow to the agricultural sector in the district during the research study period from 2003-04 to 2012-13 except the year 2010-11.
4. Kisan Credit Card (KCC) Scheme introduced in 1998 for timely and hassle-free short term loans has been extended to borrowers for term credit and

consumption loans. During the research study period from 2003-04 to 2012-13, it is found that there is a large gap between the target and achievement in the respect of distribution of Kisan Credit Cards and lending finance through the banking agencies in the Hailakandi District.

5. On the aspect of Kisan Credit Card scheme, the percentage of the physical and financial achievement through the banking sector in the foregoing research study area was 25.70 per cent and 29.41 per cent in the year of 2003-04 and it reached to 56.87 percent and 65.46 percent respectively in the year of 2007-08. The total numbers of issuing KCCs as well as disbursement of loan are increasing year after year and in the year of 2012-13, the percentage of the physical and financial achievement reached to the level of 69.81 percent and 42.82 percent respectively through the banking sector.
6. The compound annual growth rate of total achievement of physical growth during the research study period from 2003-04 to 2012-13 is 30.92 per cent against the target of 18.47 per cent and financial growth is 48.39 per cent against the target of 42.93 per cent shows an increasing trend of growth of KCC scheme in Hailakandi district.
7. Commercial banks plays a vital role in the aspect of issuing Kisan Credit Cards compared to the Regional Rural Banks and State Cooperative banks. The Compound Annual Growth Rate of Commercial banks under the achievement of in issuing Kisan Credit Cards from the year of 2007-08 to 2012-13 is 20.20 percent whereas the achievement of disbursement of KCC loan is 37.96 percent.
8. The Annual Credit Plan prepared by the Lead Bank has been increasing the physical and financial target under the Kisan Credit Card scheme year after year keeping in mind the vast potentiality of the agriculture and allied activities, traditional skill, availability of physical inputs, market infrastructure, extension support etc. as well as the general investment climate in the district, but still the achievement of the Commercial banks could not reached to the target level.

C. FINDINGS OF THE STUDY FROM OBJECTIVE THREE: To evaluate the effectiveness of the KCC Scheme in Hailakandi District during the period of 2003-04 to 2012-13.

1. Inadequate branch expansion programme in the Hailakandi District resulted in wastage of time and money forced the farmers to borrow the loan from informal credit sources at a high rate of interest.
2. It is found that total 14.0% of KCC holders have taken credit from informal credit sources for cultivation purpose depicts that cost limit of the production under KCC scheme credited to them are not sufficient where 35.0% of the Non-KCC holders dependent on informal credit sources. It is clear that there exists a substantial gap between the requirement of credit and supply of agricultural credit through Kisan Credit Card scheme.
3. Non-KCC holders of four Development Blocks thought that taken loan from Professional Moneylenders and Bandhan/ Innak (NGOs) easier than the banks still it provides low credit limit and charges high rate of interest than KCC scheme. Due to the factors like less of harassment, timely provision of loan, small instalment at a weekly basis, easy loan procedure, provision of repeated processing loan proposals and low documentation cost etc. diverted rural people to informal credit sources for their needy purposes.
4. Among all the non-institutional credit sources, the contribution of moneylenders are highest and to the extent of 77.0% by KCC holders and 40.0% by Non-KCC holders followed by the contribution of relatives in advancing agricultural credit to the KCC holders (23.0%) and Non-KCC holders (29.0%). Total contribution of non-institutional sources towards agricultural credit is 49.0% taken by both the KCC holders and Non-KCC holders.
5. In aggregate, 85% of KCC holders and 71% of Non-KCC holders have effectively used their informal loan for productive purposes.
6. It has been noticed that in aggregate 41.0 percent of Non-KCC holders of four Development Blocks are not aware of the Kisan Credit Card scheme provided by the banking agencies for increasing the growth and productivity in the agriculture sector.

7. The most important influencing factors identified by Non-KCC holders towards for non-taking institutional loan for agricultural purposes are Presence of middlemen, Harassment by the Bank officials, Presence of bribe taken by Gram Sevek/ Bank staffs/ Middlemen/ Farmers Club's, Expenditure cost for lending money and Lack of timely provision of loan respectively.
8. In aggregate 18.0% of Non-KCC respondents have applied for KCC loan but failed to take this facility. 56.0 percent of Non-KCC holders mentioned the reason of different excuses made by the bank officials and 30.0 percent of Non-KCC holders identified that demanding bribe through middlemen play as a main factor for their rejection of KCC loan proposal.
9. Political involvement has been found as strong factor in sanctioning KCC loan where it is not require to be engaged with agriculture sector or having land possession certificate in own name. It is easy to get land possession certificate from land circle office by spending some money.
10. The existences of middlemen or Farmers' Club in between the loanee and the bank are highest in Hailakandi Development Block (79.0%) followed by Algapur Development Block (65.0%), Lala Development Block (52.0%) and Katlicherra Development Block (46.0%) respectively.
11. High expenditure cost required for getting KCC loan from the Public sector banks is one of the most important problem followed other problems namely lack of co-operation from the bank officials and faced difficulties in collecting the documents like bank account form for opening bank account, land possession certificate, no objection certificate from the other bank branches, stamp paper, voter list certificate and restricted banking hours etc. faced by most of the KCC holders of all four Development Blocks of Hailakandi district.
12. In aggregate 23.0 per cent of KCC beneficiaries of all cropped land sizes supported that KCC scheme have influenced to extent their farming productivity where 77.0 per cent of KCC beneficiaries of all cropped land sizes argued about no change of farming productivity. Among the all cropped land sizes, marginal farmers (39.0%) and landless farmers (27.0%) are highest who responded that their farming productivity have increased after availing KCC loan.

13. In aggregate 84.0 percent of Non-KCC beneficiaries of all cropped land sizes supported that informal loan has influenced to extent their farming productivity. 51.0 percent of landless and 32.0 percent of marginal Non-KCC beneficiaries responded that their farming productivity have increased after availing informal loan. It is clear that the utilisation of informal loan by the Non-KCC holders for agriculture purposes is more effective than KCC beneficiaries who have availing the facility of KCC scheme.
14. In order to test the hypothesis that there is no significant difference in the productivity between the KCC holders and Non-KCC holders, chi-square test has been used. The calculated value of χ^2 for 1 degree of freedom at 5 percent level of significance is 78.417 much higher than table value 3.841 and hence the result of the experiment does not support the hypothesis. It is significant.
15. In order to test the hypothesis that there is no significant difference in the profit between the KCC holders and Non-KCC holders, chi-square test has been used. The calculated value of χ^2 for 1 degree of freedom at 5 percent level of significance is 10.196 much higher than table value 3.841 and hence the result of the experiment does not support the hypothesis. It is significant.
16. The claims of KCC like timely credit, simplified loan procedures, low interest rate, benefit of early repayment of loan in a financial year, flexibility of cash credit accessibility and economising the time limit and superfluous transaction costs have been endorsed by majority of the sample units. The claim of adequacy of credit, assured availability of loan, revolving nature of credit availability and access to financial transactions have been endorsed only by the small percentage of sample units.
17. It is found that in aggregate 60.0 per cent of farmers were not satisfied with the claim of KCC due to provision of inadequate credit to the farmers. Only 40.0 per cent of farmers were happy with the magnitude of the credit endorsed by KCC scheme.
18. In spite of expansion of formal credit networking system, the volume of institutional credit through KCC scheme is still unsatisfactory rather raising the prices of agricultural inputs.

19. Due to large time gap between the credit requirement and disbursement in the agriculture sector, the most of the small and marginal farmers' mis utilised their granted loans for unproductive purposes.
20. In aggregate 27.0 per cent of loaners have used the KCC loan amount for the purpose it was borrowed, but the remaining 73.0 per cent of loaners have used the amount of loan for a purpose other than that for which it was provided. It is found that the most important reasons for diversion of KCC loan are spending on private consumption identified by 25 percent of KCC holders and repayment of old debt identified by 18 percent of KCC holders. Therefore, it is clear that whatever the amount provided as a consumption loan in addition to productive loans under KCC scheme are not adequate.

D. FINDINGS OF THE STUDY FROM OBJECTIVE FOUR: To examine the magnitude and causes of mounting over dues of bank credit under Kisan Credit Card scheme.

1. Reduce the debt and interest burden on farmers by offering rebates on interest, for timely repayments encourage farmers to come into and stay in the banking fold and avoid going to moneylenders. In reality, however, these measures had not increased the numbers of farmers covered by the banking system. The low rates of interest appeared also to have had some influence on borrower behaviour, with, for example, farmers drawing out their entire credit limit on KCC at once.
2. An important feature of Kisan Credit Card scheme is revolving cash credit facility involving any number of drawals and repayments within the limit. But, absence/ inadequate non-farm income, non-realization of agricultural income, low crop intensity, inadequate agricultural income and no perceptible advantage of frequent withdrawal and repayment are the important reasons which influenced KCC holders to make low frequency of withdrawals and repayment through KCC Scheme in Hailakandi district of Assam.
3. The important findings of the research study is that some farmers who had benefited from the KCC schemes, but who had not borrowed again from the

banks- either because the banks were not forthcoming enough or because the farmers chose not to return to the banking fold.

4. The reasons absence or inadequate non-farm income and low crop intensity identified by 69.0 per cent and 64.0 per cent of KCC holders respectively do not encouraged them for high frequency of withdrawals and repayment from the KCC scheme whereas 58.0 per cent of KCC respondents evoked that there is no perceptible advantage of frequent withdrawal and repayment. The reasons inadequate agricultural income and non-realization of agricultural income influenced 50.0 per cent and 31.0 per cent of KCC holders respectively of four Development Blocks to make low frequency of withdrawals and repayment.
5. The total average institutional outstanding loans are more than the total average non-institutional outstanding loans. Both types of institutional and non-institutional outstanding loans are higher in Katlicherra Development Block than other three Development Blocks.
6. The estimates of outstanding loans by farm size reveals that the highest magnitude of total average outstanding loans is present within the group of marginal size of operational land holding KCC farmers followed by small and landless KCC farmers. The highest magnitude of institutional and the non-institutional outstanding debts are also present in marginal size of operational land holding KCC farmers. The institutional outstanding debt is more than the non-institutional outstanding debt in all types of operational land holding KCC farmers.
7. Nearly 59.27 per cent of total outstanding loans are institutional while 40.73 per cent of total outstanding loans are non-institutional. The major proportion of non-institutional outstanding debt is found in the categories of marginal, small and landless farmers respectively although KCC holders of all different land holding possess highest proportion of institutional outstanding debt than non-institutional outstanding debt in Hailakandi district. Large farmers are highly dependent on financial institutions loan.
8. High growing over dues in the agricultural sector due to poor repaying capacity of the farmers specially small and marginal farmers in the Hailakandi District.

Poor quality of physical infrastructure also affects the KCC holders to improve their economic conditions.

9. The aggregate average amount of overdues per defaulter is Rs. 28,985 in four Development Blocks of Hailakandi district. Both institutional and non-institutional amount of overdues are highest in the Development Block of Katlicherra than other three Development Blocks.
10. 69.0% of KCC holders are defaulters in four development blocks of Hailakandi district taking into consideration both institutional and non-institutional loan. The institutional defaulters are more than the non- institutional defaulters in four Development Blocks.
11. The per defaulter non-institutional overdues is more than per defaulter institutional overdues in the categories of landless, marginal and small operational land holding but in the category of large farm size, the institutional overdue is more than non-institutional.
12. It is found that 50.0% of KCC defaulters are landless farmers followed by marginal farmers (37.0%) taking into consideration both institutional and non-institutional loan.
13. Total overdues form 54.77 per cent of the total outstanding debt consists of 69.71 per cent of institutional sources and 33.03 per cent of non-institutional agencies. Amongst holding size groups, it is observed that the proportion of total overdues in total outstanding loans is the highest in the small category of KCC farmers (70.39%). The proportion of non-institutional overdues to non-institutional outstanding loans turned out to be the highest in the small category of KCC farmers (83.61%) while the share of institutional overdues to institutional outstanding debt is highest in the landless category of KCC farmers (77.11%). This clearly shows that the overdues problem is very serious in amongst all holding size groups.
14. The percentage of total defaulters to total borrowers is 71.0 per cent of which 70.0 per cent from institutional and 24.0 per cent from non-institutional agencies respectively. Across the farm size groups, the percentage of total defaulters to total borrowers is highest in landless category of KCC farmers (82.0%) followed

by small group of KCC farmers (65.0%). Regarding the percentage of defaulters to borrowers, borrowing from institutional and non-institutional agencies, landless category (81.0%) and small farmers group (50%) occupy the highest rank respectively.

15. 34.0 per cent did not make any default and the remaining 66.0 per cent made default in repayment of loan at regular interval for different reasons. The maximum cases of default, the loaners are in the group of landless farmers (47.0%) followed by small farmers (37.0%). There is not so much variation in the percentages of defaulters among four Development Blocks of Hailakandi district. The highest number of defaulters are in Katlicherra Development Block (27.0%) followed by Algapur Development Block (25.0%) and Lala Development Block (25.0%).
16. The most significant point to note is that, in the maximum cases of default, the loaners are wilful defaulters (25.0%), 9.0 per cent having insufficient income from the activity financed; and (5.0%) have adverse family circumstances. Another important reason for default is the hope for loan moratorium. It was found during field study that loaners did not pay loan because 15.0 per cent of KCC holders were hopeful that their loans were going to be written off while 8.0 per cent of KCC holders strike the reason that lack of supervision and follow up by the concerned departments influence them to not pay timely.
17. The scheme of debt relief was found to have adverse effect on repayment performance of the loaners. Under this scheme, no benefit was given to the loaners who were regularly paying the instalments due, but the loaners who never visited bank office after obtaining bank loan and were chronic defaulters were lucky enough to get their dues written off.
18. After submission of KCC loan proposal to bank through Agricultural Department, banks do not sanctioned or disbursed loan easily or timely, then rural people take help from middlemen. Here, perception of the rural people in taking KCC loan is very peculiar. They thought that if we do not repay the loan, no problem will arise and they are searching for loan concession/ subvention.

19. It has been observed during the course of the research study that middlemen also told them it is the Government scheme for poor people and no need to return the money because the bank already cut the interest from their sanctioned credit. So, no need to return the loan and people are also not interested to understand or scrutinise the scheme or validity of the statements of middlemen.
20. It is important to note that KCC holders want to repay KCC loan but due to lack of banking cooperation for shortage of stuff, work load, language problem, even middlemen puts the beneficiaries in trouble, clearance of principal with interest at a time and also lack of chance to getting next instalment discourages them to repay the KCC loan.
21. In order to test the hypothesis that there is no significant difference in the recovery position between the KCC holders and Non-KCC holders, chi-square test has been used. The table value of χ^2 for 1 degree of freedom at 5 percent level of significance is 3.841. The calculated value is much higher than this table value and hence the result of the experiment does not support the hypothesis. It is significant. This means that there is significant difference in the recovery position between KCC holders and Non-KCC holders.

12. SUGGESTIONS:

Based on the findings of this study, following suggestions have been drawn:

1. The Kisan Credit Card (KCC) scheme introduced in 1998-99, has been a resounding success and helped the farmers considerably in their access to agricultural credit. It appears that cost effectiveness of KCCs was not evident especially for commercial banks and RRBs. For this purpose, the following strategies are suggested:
 - (a) Banks may be reviewed the progress of Kisan Credit Card scheme by Lead District Manager (LDM) at the monthly meeting of Branch Managers.
 - (b) Providing loans to the agriculture and allied sectors through banks considered as low profit market area according to the bank officials. Banks may find out the new mechanism to increase their marketing through active participation of bank staffs and timely supervision and follow up by the concerned departments.

- (c) As regards implementation of KCC schemes, achievement is poor due to non co-operation of some banks officials are even reluctant to receive petitions of KCC loan. This market ideology of the banks should be changed on the basis of social ethics and responsibility.
 - (d) Training of banking officials about the agricultural schemes may be organised.
 - (e) In order to cover small and marginal farmers under the KCC scheme, banks may issue the KCCs to the farmers through organising farmers' training programmes prior to Kharif and rabi-seasons. This will help in issuing a large number of KCCs at lower cost. The cost of farmers' training programmes could be met by the development/ training funds of state governments.
2. In the implementation of the personal accident insurance scheme for KCC cardholders throughout the district, the bankers and insurance agents can play an important role to sort out its operational constraints.
 3. There is a need to organize wider publicity drives by the banks as well as agriculture office either individually or collectively for educating the farmers about its advantages. Booklets and leaflets on KCC scheme in local languages may be brought out by the banks. Display of hoardings/ posters, highlighting the benefits to the farmers under the KCC at the premises of all branches and important public places like Mandis, Panchayet office, etc., may be made.
 4. The scale of finance fixed for crop loan and unit cost of allied activities need upward revision. Banks may be permitted to fix their unit cost for KCCs based on their knowledge and skills consultation with agricultural department. .
 5. Co-operation between the borrowers and bankers should be strengthening through removing harassment, timely provision of loan, small instalment at a weekly basis, easy loan procedure, provision of repeated processing loan proposals and low documentation cost etc. Banks may take necessary steps to extend the friendly relationship between the borrowers and bankers.
 6. In case of shortage of staffs in banks, working hours with work load of the bank employees and language problem, banks may use farmers' clubs and SHG federations as banking correspondents to increase outreach.

7. The coverage of new farmers in the command areas of bank branches and new areas be ensured through meaningful and purposeful conduct of gram sabhas and kisan credit camps at regular intervals.
8. Kisan Credit Card scheme should be reviewed under the consideration of existence of substantial gap between the requirement and supply of agricultural credit. Banks may take necessary actions to reduce the gap between demand and supply of rural credit.
9. Financial literacy and counseling campaigns be undertaken to increase awareness among farmers on KCC through banking agencies.
10. Encouraging borrowers to repay their loans early so that they can attain the benefit of subsidized interest. Willful defaulters may be reduced if co-ordination increases between the borrowers and banks.
11. KCC loan proposal should be properly scrutinise by the agricultural department as well as banks so that needy farmers get that opportunity. The attitude of the rural people should be changed in the case of loan repayment.
12. Agricultural Department may organise practical and theoretical examination among the farmers for getting physical inputs at subsidized rate.
13. Mono-cropping which is prevalent in the region may be transferred into double cropping through the planned canal irrigation. The governments should take necessary steps in the regard of planned canal irrigation through which agricultural production may be increased besides raising cropping intensity which is vital for overall annual production at the district level.
14. Lack of education hindering to learn new farming methods, accessing bank credits, bargaining and negotiating during marketing of produce, etc. To reduce the fear of paper works among the farmers and raise their awareness levels, banks may arrange functions for distribution of Kisan Credit Cards.
15. The money lenders often govern the decision making of small farmers as because they lend small sums of money at exorbitantly high interest rates. These situations may be checked by the governments through provision of micro credit to the needy farmers for their cultivation expenses.

16. To make agriculture sector more remunerative, the government must be taken necessary steps to improve farm organisation and land management. Subsidiary agro-based industries or food processing industry in the district must be set up by the public or private organizations in the rural areas so that surplus labour in the agricultural sector can be utilised in these industries.
17. Barren lands of the district should be covered under agricultural activities through government intervention. Due to construction of new roads namely mahasarak, bricks industry etc. reduces the cultivated lands of the district.
18. The government intervention require for promote rabi season as engine for agricultural growth, aggressively push for commercialization of agriculture, production for market as opposed to production for self-consumption, develop linkages with downstream local food processing industries and invest in agricultural infrastructure to boost the agricultural production. The government and banks should give more concentration for the development of landless, marginal and small farmers through providing adequate credit and physical inputs at a subsidized rate.
19. Rice is the most dominant crop as well as main food in the Barak Valley. So, there is urgent need to take necessary steps by the government to raise the demand or commercialization of local paddy in the prevailing local markets.
20. High cost of cultivation due to predominant existence of small plots may be reduced through co-operative and mechanized farming among the farmers in a particular area during cultivation time. In this regard, farmers may take initiatives for co-operative and mechanized farming.
21. Government as well as farmers intervention are required to popularize the Organic farming which is another way to reduce cost of cultivation and raise the soil efficiency.
22. Unbalanced use of chemical fertilizers with inappropriate methods prevalent in the district. Revitalize and motivate the farmers through public organizations such as agricultural department to adopt preparation and use of super digest

compost or vermin compost, cultivation of green manure crops and application of compost in scientific method through extension tools.

23. Motivate farmers and farmer organization to replace own seeds by certified seeds in every three years. Good quality of certified seeds should be distributed to the actual farmers by the Village Level Extension Workers (VLEW's).
24. The misconception of rural youths that low income produces from agricultural sector should be diagnose and agricultural department may be organised success stories programmes of different KCC farmers so that rural youths be encourage to take it as a avenues of employment and livelihood.
25. Absence of source of income during off season may be prevented through diversification of agriculture sector by encouraging farmers in allied activities. Governments and agricultural department may take necessary initiatives to popularize the diversification of agriculture.
26. Lack of interest in farming and tendency to migrate to other activities among the rural youths may be check through provision of timely and adequate credit, physical inputs at subsidized rate so that they can take it as self business. Banks and agricultural department may be work in this regard.

13. CONCLUSION:

The agriculture sector occupies centre-stage in our country to promote inclusive growth, enhance rural incomes and sustain food security. The social and economic vulnerability of agriculture in Hailakandi district is reflected in factors such as substantial contribution of agriculture to their income, low level of commercialisation and diversification of agriculture, low productivity, predominant role of moneylenders charges high rate of interest, weak market-orientation and market-linkage, prevalence of small and marginal uneconomical operational landholdings, underdeveloped or lack of adequate agro-infrastructure, heavy reliance on monsoon, susceptibility to natural calamities, absence of source of income during off season and absence of subsidiary agro-based industries or food processing industry in the district etc. The kharif season, which is the main cropping season, is subject to various natural risks such as floods and

high humidity except rabi season. In such a situation, rabi season can emerge as the engine for agricultural growth in the district.

To revitalize and ensure agriculture sector as a more remunerative, credit is an essential requirement. Therefore, the Government of India for boosting the agricultural sectors throughout the country has increased the share of disbursement of institutional credit from 43 per cent to 71 per cent from the period of 1991-92 to 2014-15. One of the important criteria for the development of agriculture in our country has been to enhance the prominent role of institutional sources of finance. Kisan Credit Card (KCC) has come into view as an innovative credit delivery mechanism from the banking system in 1998-99 for meeting the production and consumption expenses of the farmers in a timely, flexible, cost-effective and hassle free manner.

Presently, the Government of India has undertaken various prominent steps for revitalising the agriculture and allied sectors through Fasal Bima Yojana, Soil Health card, Kisan Call Center, organic farming, given importance on diversification of agriculture sector, technology up gradation, Kisan TV channel, mini portable kit, e-mandi, e-marketing etc. for the development of farmers throughout the country. Another significant step taken by the present NDA Government namely “Pradhan mantra jan dhan yojana” launched in 28th August 2014 to coverage all the families throughout the country under the financial inclusion programme.

The importance of credit is one of the crucial inputs of development and is getting more and more recognized only to facilitate hassle free access to institutional credit to each and every rural family in Hailakandi District to meet their genuine credit requirements through Kisan Credit Card scheme. So, it is very important to identify the constraints relating to complex procedures of lending, infrastructure and other support services that are hindering the flow of ground level credit and designed the policies requirement of the district for balanced development. Banks should ensure to provide KCC to all the eligible farmers in their area of operation, and they are able to absorb it effectively. The banking sectors should ensure increased and sustained access to credit by small and marginal farmers- not just for the benefit of the farmers themselves, but for increased agricultural production and increased contribution to the GDP. Moreover, the banks should take necessary actions in regard to the implementation of the Kisan Credit Card scheme throughout the district by proper monitoring mechanism so that the farmers

utilises their finance for productive purposes. The efforts of banks and farmers in this regard will ultimately improve the economic conditions and hence it will be possible to attain rural development.