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# **Role of Assam Gramin Vikash Bank in changing the economic condition of the farmers in the Nalbari District**

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### **Abstract**

*The Royal Commission on Agriculture quoted that “The Indian Peasant is born in Debt, lives in Debt, dies in Debt and bequeaths Debt”. Thus need for credit arises as it injects life into lifeless agriculture, resulting in enhanced crop productivity which benefits both the farmers and the country.*

*Nalbari District is situated in the North West part of Assam. In 2011, the percentage of rural population was 89.28%. The district has 18 branches of Assam Gramin Vikash Bank (AGVB), the only restructured Regional Rural Bank (RRB) of the North Eastern Region was set up on 12<sup>th</sup> January, 2006 by amalgamating the erstwhile Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank & Subansiri Gaonlia Bank as per provision under section 23 (A) of RRB Act, 1976. The Assam Gramin Vikash Bank also has been trying to help the farmers by catering to their financial needs for the development of agriculture.*

*Under such circumstances, we feel the necessity to study the impact of agricultural loans by the Assam Gramin Vikash Bank in changing the condition of the farmers in the said district. This paper is an analytical and a descriptive one. Data collected were basically from the primary sources with the aid of structured questionnaire.*

**Key Words:** *Agricultural loan, Debt, Credit, Regional Rural Bank (RRB), Assam Gramin Vikas Bank.*

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## **Introduction**

Agriculture plays a predominant role in a developing country like India where above 50% of people are entirely dependent on agriculture. It is the most backward sector of the economy inhabited mostly by the very deprived section of our society. This source of livelihood thus becomes the backbone of the economy of our country. Moreover it provides livelihood to a major portion of the population directly and indirectly. There is no doubt about the efficiency of the Indian farmers, yet due to the lack of adequate finance for the development of agriculture they remain very poor generations after generations. Credit plays an important role in the economic development of developing countries like India as it infuses life into stagnant economic activities. Credit is required for both traditional agriculture and new farm technology. The requirement of credit under new farm technology is more than the traditional agriculture as new technology is no doubt, size-neutral but, not capital-neutral.

Nalbari District is situated in the North West part of Assam. The district consists of 7 Development Blocks namely, Tihu, Madhupur, Barbhag, Barkshetri, Barigog-Banbhag, Pub Nalbari and Paschim Nalbari. In 2011, total population of the district was 7,71,639. The percentage of rural population was 89.28%. The main occupation of the people living in the district is agriculture. They grow mainly Paddy, Wheat, Pulses, Mustard, Sugarcane, Jute, Tobacco, Potato, Ginger, Turmeric, Vegetables, Horticultural crops, etc. The district has 18 branches of Assam Gramin Vikash Bank. Assam Gramin Vikash Bank (AGVB), the only restructured Regional Rural Bank (RRB) of the North Eastern Region was set up on 12<sup>th</sup> January, 2006 by amalgamating the erstwhile Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Cachar Gramin Bank & Subansiri Gaonlia Bank as per provision under section 23 (A) of RRB Act, 1976. The Head Office of the Bank is situated at G.S. Road, Bhangagarh, Guwahati-781005, Assam. The operational area of the Assam Gramin Vikash Bank consists of the entire area of operation of the aforesaid four pre-amalgamated RRBs which cover 25 districts out of 27 districts in the State of Assam, barring only the two hill districts, viz. Karbi Anglong and North Cachar Hills. The Bank has been included in the second schedule of RBI Act 1934 vide Notification No. RPCD.CO.RRB No. 7430/03.05 100/2008-09 dated 27.01.2009.

The Assam Gramin Vikash Bank also has been trying to help the farmers of Nalbari district by catering to their financial needs for the development of agriculture.

### **Significance of the Study**

The significance of the study lies in the fact that it enquires about the role played by the Assam Gramin Vikash Bank towards the development of agriculture in the Nalbari district. This study is an attempt to find out the involvement of the Assam Gramin Vikash Bank in the development of agriculture in the Nalbari district.

### **Objectives of the Study**

The objectives of the research work are to study the following aspects.

- ✓ To study about the changes in the economic conditions of the farmers after the use of the loan sanctioned by Assam Gramin Vikash Bank.
- ✓ To study the contribution of the Assam Gramin Vikash Bank in improving the ability of the farmers to enjoy some basic facilities in their day to day life.

### **Research Methodology**

- **Nature of Research:** The method adopted for the study is both descriptive and analytical in nature.
- **Manner of selecting the sample units:** Sample units have been selected from the branches of Assam Gramin Vikash Bank and members of farming community (randomly selected) of 3 selected Development Blocks of Nalbari District, Assam. The sample beneficiaries have been selected randomly from the villages from three development blocks, namely, Paschim Nalbari Development Block, Tihu Development Block and Barbhag Development Block. The list of sample farmers has been taken from the concerned branch of the Assam Gramin Vikash Bank.
- **Size of the Sample:** The individual respondent constitutes of 200 samples taken from the 3 selected Development Blocks of Nalbari District on random sampling basis.
- **Sources of information:** The information and data for the study have been collected by making a sample survey with the help of a structured questionnaire and some personal interviews among the sample beneficiaries in the Nalbari district.

- **Analysis and interpretation of Data:** The analytical study of the conditions of the farmers before and after taking the loans have been made on the basis of the information and data collected after interviewing the sample farmers. The Primary data collected through structured questionnaire are presented with the help of table, graphs etc.

### **Periodicity of the Study**

The periodicity of the study is from January, 2013 to December, 2014, i.e. the study covers a period of two years.

### **Limitation of the Study**

- The present study is mainly confined to the role played by the AGVB for the development of agriculture sector in the Nalbari District of Assam.
- The present study is confined to only 200 sample farmers of the Nalbari District of Assam.
- The study covers only 3 Development Blocks and 25 percent of the branches of the AGVB in the Nalbari District. The 25 percent representation of the branches of the AGVB and 3 Development Blocks in the district may not be adequate to bring out a true picture of the role played by the AGVB for the development of agriculture sector in the district.
- There were some difficulties faced by the interviewer at the time of interviewing the beneficiary farmers for getting correct data because all of them do not maintain records of various expenditures in relation to agricultural activities.
- Some beneficiary farmers are reluctant in providing data relating to their income, etc.
- The number of selected sample beneficiaries is not equal due to the variation in the sizes/ levels of the business of the Bank branches and in the area under the blocks.

### **Results and Discussions:**

#### **1. Changes in the economic conditions of the farmers**

To have a clear picture about the changes in the economic condition of the sample farmers a comparative analysis of their economic condition before and after taking the loan is a must. The economic condition of the farmers in the Nalbari district is not so good. The average land per farmers is also nominal. The size of the holdings is very small in case of small and marginal farmers and as such they are economically very weak. Had the farmers have adequate irrigation facilities, their production would have been improved. The size of holdings in case of medium and big farmers are to some extent big but they are also lacking adequate irrigation facilities, agricultural-machineries and equipments and technical know-how which also influence in the production of output. Thus, due to low income the economic condition of the farmers are very poor. If various types of agricultural-implements in relation to agricultural development could have been sufficiently made available then economic condition of the farmers would have been strong. Though the position of big farmers is to some extent good still there are enough scope for further improvement.

Increase in the income of the farmers is natural after the investment of the loan. Due to the investment of loan in agricultural activities changes in agriculture takes place which is again results in more production whereby the income of the farmers increases. The Table -1 clearly depicts the position of the sample farmers before taking the loan from the Assam Gramin Vikash Bank.

**Table - 1**

Position of the Farmers before the Investment of the Loan. (Area in Acre, Income and Cost in Rs.)

<b>Crops Season</b>	<b>Area cultivated</b>	<b>Cost* for the Area cultivated</b>	<b>Gross Income from the cultivated Area</b>	<b>Net Income from the cultivated Area</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>(4-3) = 5</b>
Kharif	5.0	28,500.00	48,000.00	19,500.00
Rabi	1.5	15,200.00	31,600.00	16,400.00
Summer	1.0	9,100.00	20,300.00	11,200.00
Total	7.5	53,300.00	99,900.00	46,600.00

\*Cost of feeding of Bullock/Cost of Plough, Cost of Seeds/Fertilizers, Opportunity cost of the farmer, Wages and Miscellaneous expenses.

Source: Primary data collected through questionnaire.

From the Table-1 above it is clear that a farmer earned an amount of Rs. 99,900.00 as gross income from the cultivated area. The total cost for the area cultivated amounted to Rs.53,300.00. Thus, before taking the loan yearly net earnings/ income of a farmer was Rs 46,600.00 on an average.

Finance is the livelihood of all economic activities. As such for the proper development of this agriculture finance is a must to carry on various agricultural activities. The Assam Gramin Vikash Bank has been helping its beneficiaries by providing adequate amount of loan thereby making them capable of investing adequate amount of finance for applying new technology for the development of agriculture. Application of new technology in the agriculture increases cost of agriculture but at the same time the volume of production is also increased.

Table -2 shows the position of the surveyed sample farmers after taking the loan from the Assam Gramin Vikash Bank.

**Table -2**

Position of the Farmers after the Investment of the Loan. (Area in Acre, Income and Cost in Rs.)

<b>Crops Season</b>	<b>Area cultivated</b>	<b>Cost for the Area cultivated</b>	<b>Gross Income from the cultivated Area</b>	<b>Net Income from the cultivated Area</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>(4-3) = 5</b>
Kharif	5.0	38,500.00	75,000.00	36,500.00
Rabi	1.5	22,800.00	55,100.00	32,300.00
Summer	1.0	12,200.00	31,300.00	19,100.00
Total	7.5	73,500.00	1,61,400.00	87,900.00

\*Cost of feeding of Bullock/Cost of Plough, Cost of Seeds/Fertilizers, Opportunity cost of the farmer, Wages and miscellaneous expenses.

Source: Primary data collected through questionnaire

From the Table -2 above it is clear that after the investment of the loan the total gross monetary value of the total production of a farmer from the same cultivable land increases to a total of Rs. 1,61,400.00 on an average. Due to the application of the new technology the cost of production of the produces increases to Rs.73,500.00. Thus, after taking the loan yearly net earnings/ income of a farmer increases to Rs. 87,900.00. From the above it is seen that after taking the loan the position of

the farmers have changes positively. If we compare the Table-1 and Table-2, we found that before the investment of the loan yearly net earnings/ income of a farmer was Rs. 46,600.00 (after adjustment of all expenses) which increases to Rs. 87,900.00 (after adjustment of all expenses) after the investment of the loan. So, it is seen from the comparison of the net earnings/ income of a farmer before and after the investment of the loan that the farmer earned an additional earnings/income which equals to Rs. 41,300.00. Thus, we can conclude that after taking the loan from the Assam Gramin Vikash Bank the economic condition of the farmers have improved on an average.

Further it is found from the survey that-

- **8.50 percent of the farmers are doing best,**
- **12.50 percent of the farmers are doing better,**
- **38 percent of the farmers are doing good and**
- **41 percent of the farmers are not doing well.**

The above scenario can very well be depicted in the form of a table and a pie chart as shown below-

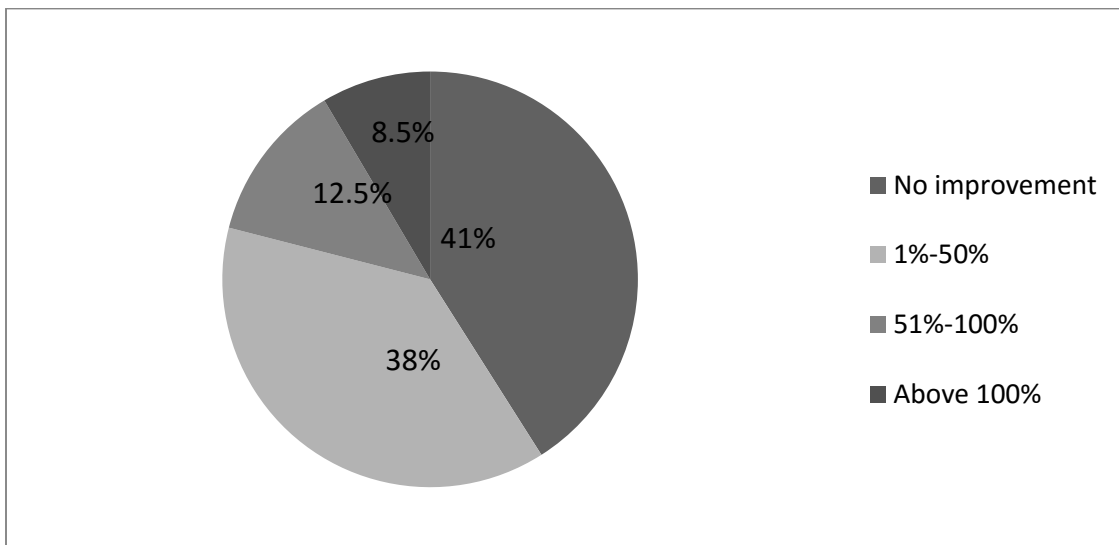
**Table - 3**

Changes in the economic condition of the farmers after the investment of the loan

Percentage of improvement in the economic condition of the Farmers	No. of Sample Farmers	Percentage
No improvement	82	41.00%
1%-50%	76	38.00%
51%-100%	25	12.50%
Above 100%	17	8.50%
Total	200	100.00%

Source: Primary data collected through questionnaire

**A pictorial representation of the above scenario is depicted here in the form of a pie chart –**



From the above Table as well as the pie chart, it is clear that after the investment of the loan taken from the Assam Gramin Vikash Bank 41 percent of the sample farmers are not able to improve their economic condition. The economic condition of 38 percent of the sample farmers have been improved in the range of 1-50 percent and that of 12.50 percent of the sample farmers, improvement in the economic condition is 51-100 percent. Further it is clear from the Table that the economic condition of 8.50 percent of the sample farmers has been improved above 100 percent. Thus, we can conclude that after the investment of the loan taken from the Assam Gramin Vikash Bank the economic condition of the majority (59 percent) of the sample farmers have been improved.

It is also found from the survey that the farmers those who are not doing well are mainly small and marginal farmers whose interest is not to use the loan for the development of the agriculture rather to misuse the amount of loan. Though, about 59 percent surveyed sample farmers doing positively (good, better, best) only 47 percent surveyed sample farmers repay the loan after the demand made by the Bank. About 53 percent surveyed sample farmers do not think of repaying the loan already taken.

## **2. Ability of the farmers to enjoy some basic facilities**

Every people have some desire in their life to satisfy their mind. To fulfill these desire people always try to avail some basic minimum facilities to be enjoyed by them. These basic minimum facilities include a dwelling house in minimum good condition, capabilities to send all children (above 6 years of age) to school, to meet up the medical expenses, to use pure drinking water, to have sanitation facilities, to have balance diet, to use electricity, etc. It is found from the primary survey that before taking the loan most (66 percent) of the farmers were not able to enjoy these facilities because majority of the farmers belongs to poor class. But due to the improvement in the economic condition of the farmers after the investment of the loan taken from the Assam Gramin Vikash Bank most (55 percent) of the farmers are now capable to enjoy the basic minimum facilities stated above.

### **Findings**

1. After the investment of the loan taken from the Assam Gramin Vikash Bank the economic condition of the majority (59 percent) of the sample farmers have been improved.
2. Due to the improvement in the economic condition of the farmers after the investment of the loan taken from the Assam Gramin Vikash Bank most (55 percent) of the farmers are now capable to enjoy the basic minimum facilities.

### **Conclusion**

The Assam Gramin Vikash Bank is for the cause of the development of agriculture. It has been helping the farmers for the development of the agriculture like a mother who nourishes her children for the development of their future.

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