

## ROLE OF SBI IN AGRICULTURE INDUSTRY WITH SPECIAL REFERENCE TO KAMRUP DISTRICT

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### ABSTRACT

Business plays a major role in the socio economic development of any country. India has always been seen as an agro-based nation. Agriculture is the primary sector. The banks are harbingers of economic development and growth. SBI is one of the oldest banking institution. So, this study will throw light on the role of SBI and its policies and schemes in agriculture and the trend of credit flow from SBI to this sector. Through this study it can be concluded that the contribution of SBI in financing the agricultural needs of the beneficiaries is inadequate. SBI has played a significant role in development of this segment especially in Kamrup District.

*Keywords: Agriculture, Finance, SBI, credit.*

### INTRODUCTION

Agriculture is the dominant profession in India. In all the parts of the country agricultural profession is one of the major contributors to the earnings of the state. The history of agriculture has played a major role in human history, as agricultural progress has been a crucial factor in worldwide socio-economic change. Division of labour in agricultural societies made commonplace specializations rarely seen in hunter-gatherer cultures, which allowed the growth of towns and cities, and the complex societies we call civilizations. When farmers became capable of producing food beyond the needs of their own families, others in their society were free to devote themselves to projects other than food acquisition. Historians and anthropologists have long argued that the development of agriculture made civilization possible. Agriculture is one of such a practice which can be taken up by skilled as well as unskilled labourers. State Bank of India (SBI) has been able to cater to the needs of the farmers nationwide by supporting them with varied types of finance. The role of indigenous bankers and money lenders have gradually decreased due to the increased penetration of banks and other financial houses in the rural agricultural loan and financing. The organized banking sector provides loan for not only purchasing farming equipments but also for other agricultural requirements including land purchase, seeds and fertilizer purchase, etc. The degree of penetration of State Bank of India has been very high. The trustworthiness, goodwill, reliability are the factors which has helped SBI to hold this position in in the rural economic sector.

Agriculture plays a vital role in economy of Assam contributing 32.56 percent to the net State Domestic product in 2001-02 at current price (quick estimate). The state of Assam comprising 21 numbers of plain district and 2 numbers of hill districts fall under high potential zone for raising agricultural productivity. Assam is basically an agrarian state with more than 70 percent of its population (2.66 crores as per 2001 census) taking agricultural practices either fully or partially. The Government has, assigned very high priority to agriculture.

### OBJECTIVES

The objectives of the study are the following:

- (i) To identify the various credit policies provided by SBI to agriculture industry.
- (ii) To study the utilization of the various financing schemes/credit policies.
- (iii) To analyze the trend of SBI credit flow in agriculture as regard to the various schemes.

### METHODOLOGY

The present study is a field based work but is an admixture of both primary and secondary data collected from various sources. Primary data was collected from the beneficiaries as well as from concerned officials of bank branches. The primary data were collected by administering structured schedules to the sampled respondents.

A method of multi-stage sampling has been adopted for carrying out the study because of the vast size of the population consisting of the beneficiaries in the state. In the first stage, the district, Kamrup (metro) has been selected randomly within the state of Assam. Subsequently, out of the various blocks, viz., Hajo, Sonaswar and Bhalukuchi have been chosen randomly within the selected district in the second stage. Finally, in the third stage, from the mentioned 3 blocks beneficiaries obtaining finance from SBI only were taken up for study on a random basis. The study concentrates on the beneficiaries and also the SBI branches in each of the blocks.

The survey was carried out in the named blocks of the district. The units for the study comprises of the beneficiaries and SBI bank branches operating in the blocks respectively. The beneficiaries forming the

population of the study were listed from the various branches. A method of judgement sampling and systematic sampling was deemed appropriate for selection of the sample units of the beneficiaries, where every 5<sup>th</sup> beneficiary was selected. The population of the various blocks viz., Hajo, Sonaswar and Sualkuchi are 24, 30 and 56 beneficiaries respectively. As per systematic sampling, 4, 7 and 11 units from each block are selected respectively for the present study. The secondary sources include web publications and the internet.

### LIMITATIONS

The research study is confined only to the 3 blocks viz., Hajo, Sonaswar and Sualkuchi in Kamrup district, as such it is not representative of the whole of Kamrup district. The study is based on only a few samples and inferences derived there from may not be a true representation of the universe which is pertinent for the present study. Due to cost and time constraints also the study could not be undertaken in a massive manner.

### ANALYSIS & FINDINGS

Various schemes are provided by rural SBI branches in Kamrup district to the beneficiaries for the purpose of agriculture, viz.,

1. **Kisan Credit Card Scheme:** KCC was a model agricultural loan scheme prepared by NABARD in August 1998 and advised by RBI to implement it by all commercial banks. SBI provides KCC scheme to the farmers at 7% p.a. interest rate and to the limit of Rs 1 lakh
2. **Dairy Loan:** It encompasses creation of infrastructure like construction of milk house or society office, purchase of Automatic milk collection system, transport vehicles etc. a maximum of Rs 10 lakh can be borrowed at the interest rate of 11 – 12.5% repayable within 5 years.
3. **Tractor Loan:** It was a scoring model for financing the purchase of tractors, accessories etc. The borrowed amount should be repaid before the expiry of 9 years from the date of original purchase of the tractor inclusive of interest rate varying from 16% to 20%.
4. **Agriculture Term Loan:** This is provided to farmers in order to pay off loans taken from non-institutional lenders and to enable them to meet their crop production needs. The loan granted shall be 100% if the debt is on account of cultivation or agro-activity or Rs. 50,000 whichever is lower. All existing primary and collateral security of the farmer should be extended to cover the loan.
5. **Krishak Uthan Yojna:** It provides easy access to short term production and consumption credit to meet genuine requirements of the beneficiaries. This scheme covers the purchase of seeds, fertilizers, pesticides, hire of tractors, electric and irrigation cost etc. This scheme gives maximum sanction of Rs 50,000 on the basis of cultivated land area including consumption need.

Table 1: Utilisation of schemes for financing beneficiaries

Schemes	No. of beneficiaries	Percentage (%)
Kisan Credit Card	9	41%
Dairy Loan	1	5%
Tractor Loan	3	14%
Agriculture Term Loan	6	27%
Krishak Uthan Yojna	3	13%
<b>Total</b>	<b>22</b>	<b>100</b>

Source: Field survey

The table clearly depicts that the majority had availed of the KCC scheme indicating its popularity in the agricultural scenario of Kamrup district. While term loans seem to be the second most preferred scheme in the region. Only one beneficiary is seen to be utilizing the dairy loan scheme indicating the need to popularize the same.

Table 2: Trend of credit flow in agriculture industry

Schemes	Rupees (in Crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Kisan Credit Card Scheme	119	97	157	205	466
Dairy loan	85	34	105	119	185
Tractor loan	48	30	95	188	200
Agriculture term loan	214	102	208	210	159
Krishak Uthan Yojna Scheme	67	35	154	95	153
<b>Total</b>	<b>533</b>	<b>298</b>	<b>729</b>	<b>817</b>	<b>1163</b>

Source: SBI Annual Report

In 2009-10, the flow of credit for KCC sanctioned by the headquarter of SBI i.e., Mumbai SBI for the branches of SBI in Kamrup district was Rs 119 crores while suddenly a decrease in demand for this scheme led to a fall in the amount to Rs 97 crores. But again from 2011-12 onwards, its popularity started rising and amount increased to Rs. 466.

The flow of credit for Dairy loan in 2009-10 was Rs. 85 crores declining in the next year, but again showing a rising trend at Rs. 185 crore in the year 2013-14.

The tractor loan also showed a similar trend to that of KCC and Dairy loan standing at Rs. 200 crore in the year 2013-14.

In case of Agricultural Term Loan, starting from the year 2009-10, the flow of credit started declining ; again showing a rising trend till the year 2012-13, and falling down to Rs. 159 in the year 2013-14.

The Krishak Uthan Yojna Scheme sanctioned an amount of Rs. 67 crores in the year 2009-10 which reduced in the next year, again rising up to Rs. 154 crore in the year 2011-12; again falling down in the next year and finally standing at Rs. 153 crore in the year 2013-14.

### CONCLUSION

To conclude, SBI has played a pivotal role in developing the agricultural scenario in the Kamrup district of Assam, as highlighted by the trend of credit flow in the past years. KCC comes into the picture as the most popular scheme of SBI in agriculture sector involving the maximum quantum of funds. The picture of agriculture sector in Kamrup district, with the aid of various schemes developed by SBI can provide a boost to not only the state economy but also to the economy of the nation. Although the utility of the schemes cannot be denied yet the situation could have been better. Steps should be taken in order to develop the agriculture sector; it being the primary sector of the nation.

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