



AN OVERVIEW OF AGRICULTURE FINANCE IN INDIA

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ABSTRACT

Finance is the same as other agricultural instruments used in agricultural products. Understanding the importance of the agricultural credit sheet in promoting agricultural development and development, the institutional framework of agricultural credit system has been emphasized from the beginning of the planned development era in India. This paper discusses the history and agricultural needs of India's agricultural economy, the sources and vastness of agricultural finances, and evaluates its progress.

KEYWORDS: promoting agricultural development , India's agricultural economy.

INTRODUCTION:

Rural finance in India begins in the 19th century. Fundamentally, it is a matter of concern for farmers to finance agriculture in India. Although agricultural finance

started in the thirteenth century, it has not yet reached its peak in the 20th century. History has a close eye on the positive and negative changes in India's agricultural economy. Agricultural finance started in the colonial period. Problems affecting farmers show remarkable consistency in these situations during the study period. Relying on local lenders creates an absorbent environment that adversely affects poor farmers in rural areas. Due to the growth of co-operative credit institutions, the poor peasant farmers could not escape. 1969. The document of positive impact on rural economy of the era of nationalized banks in India provides agricultural finance to rural farmers. Served as the foundation for India's agricultural finance growth; under the nationalization program, they have emerged to have a positive impact on the safety and empowerment of farmers through various methods of microfinance institutions (MFIs) and Sachsgat-Bank-Link Linkage (SBL) to solve the agri-finance crisis in the microfinance sector. Although these reforms have undoubtedly increased the agricultural finance situation in India, agricultural finance in the poorer and backward areas of India is highly adverse which leads to farmers committing suicide.

Indian agriculture has always relied on agricultural finance at high interest rates. This creates serious problems of exploitation which leads to the peasantry in the country. The issue was first addressed by the British



Government in the late 1870s. During the drought, the government has started to provide credit as a solid loan. In the first phase of institutionalization, co-operative law has been introduced in 1904. According to the report of the McLagan Committee of the Co-operative Society in 1915, a level co-operative credit society is structured has been established in all provinces. The Royal Commission for Agriculture emphasized rural credit supply in 1926-27. Agricultural subsidy has also been provided in the Reserve Bank of India Act, 1934. The RBI, which conducted rural institutional financing in 1936 and towards 1937, conducted various studies as a first step and found that the bulk of the credit required by the rural community was given by the non-institution. The Reserve Bank of India has taken several steps to provide credit to the institutions in the rural areas. A new design has been introduced to provide two types of time bound credits, such as short term and loan term credit. By 1951, by implementing several measures to enhance agricultural finance, institutional credit was 4.2percent of total agricultural finance, of which 3.3percent was cooperative and 0.9% banks. The percentage of commercial banks has contributed. According to the All India Rural Credit Survey (1954 according to Agriculture), agricultural finance fell in the right proportion, in the right form, did not serve the right purpose and often failed to reach the right people. Nationalization of banks encourages commercial banks to increase agricultural finance. RBI is urging 40 per cent net bank credit for priority sector. The agriculture sector has a target of 18 percent sub-sector. Lead bank scheme for ground level planning was also introduced to monitor and report on the performance of agricultural sector. Higher credit is also required for the purchase of seeds, irrigation systems, fertilizers and chemical pesticides. In addition, the cost of production has increased substantially, which is focused on the need for agricultural finance policy in the country.

Policy of Agricultural Finance:

The government has implemented several measures to improve the accessibility of farmers to credit institutions. The purpose of these strategic measures is to provide farmers with the credit they need easily. The policy helped all farmers to provide timely and adequate credit to the farmers so that they could adopt modern technology and improve their farming practices. This strategy emphasizes rationalization of the process, ground-level support and credit planning. The policy progress report card is shown below. It can be seen that the purpose of institutional credit has not been achieved in the last three years due to procedural delays and low accuracy in the implementation of strategic measures.

Table 1.1 Amount Approved to Agriculture Sector (In Crores) 2004-05 to 2013-14

Sr. No.	Year	Target	Achievement
1.	2004-05	105000	125309
2.	2005-06	141000	180486
3.	2006-07	175000	229400
4.	2007-08	225000	254658
5.	2008-09	280000	187149
6.	2009-10	325000	384514
7.	2010-11	375000	468291
8.	2011-12	475000	511029
9.	2012-13	575000	308025
10.	2013-14	700000	421365

Source: Reserve Bank of India, Agriculture Financial Committee Report 2013-14

The above table 1.1 describes about the total amount approved to agriculture sector form the

year 2004-05 to 2013-14 and it was observed that in the year the target amount was 105000 crore and it was achieved 125309 crore, it was seen that every year there is huge difference in target and achieved amount, it seems that every year the achieved amount is high rather than target amount, only in the year 2012-13 the target amount was 575000 where as it was achieved at 308025 crore and in the year 2013-14 the target amount was 700000 and the achieved amount was 421365 crore.

Table 1.2 Direct Institutional Credit for Agriculture in Short Term

Sr. No.	Issued Loan (in Crores)				
	Year	Cooperative	SCB's	RRB's	Total
1.	2000-01	18556	10704	3095	32355
2.	2001-02	21670	12661	3810	38141
3.	2002-03	23629	16825	4834	45288
4.	2003-04	29326	24143	6133	59593
5.	2004-05	31887	29978	9883	71748
6.	2005-06	35624	45644	12816	94084
7.	2006-07	40796	65245	17031	123072
8.	2007-08	47390	68243	20377	136010
9.	2008-09	48022	107766	22851	178639
10.	2009-10	61951	124646	30529	217126
11.	2010-11	63231	146063	38560	259234
12.	2011-12	66439	217897	47011	286790

Source: Reserve Bank of India, Agriculture Financial Committee Report 2013-14

The table shows the ratio of short-term financing given to agricultural activities in the period 2000-01 to 2011-12. It has been shown that the total loan disbursement increased from 2000-01 to 2011-12 to 32355crore respectively from 286790. Has been increasedddDuring the ten-year period, about 900 per cent of the loan growth was paid. In each category, the amount paid for agricultural purposes is also increased. The highest increase was recorded in the case of SCB for agricultural purposes.

Table 1.3 Direct Institutional Credit for Agriculture in Long Term

Sr. No.	Issued Loan (in Crores)				
	Year	Cooperative	SCB's	RRB's	Total
1.	2000-01	8739	5736	871	15346
2.	2001-02	8899	5977	736	15612
3.	2002-03	10411	8431	1045	19887
4.	2003-04	10723	12069	1042	22834
5.	2004-05	13122	18389	2043	33555
6.	2005-06	12499	34955	2484	49938
7.	2006-07	13223	50021	3198	68442
8.	2007-08	10253	45229	3461	58943
9.	2008-09	10765	52924	3648	67337
10.	2009-10	12987	63607	4111	80705
11.	2010-11	7235	76729	5405	89369
12.	2011-12	7500	94980	6048	108528

Source: Reserve Bank of India, Agriculture Financial Committee Report 2013-14

The above table shows the ratio of long-term financing to agricultural activities for the period 2000-01 to 1-2. It shows that the total loan disbursement has increased from 15346 to 108528 and it has increased from 2-5 to 4-6 respectively. During the ten-year period, about 700 percent of the loan growth was paid. In the case of SCB and RRB, the amount paid for agricultural purposes has increased during the study period. In the case of co-operatives, the amount has dropped in the last few years. The highest increase was recorded in the case of SCB for agricultural purpose.

CONCLUSION:

India's poverty, food insecurity and unemployment need to be eliminated to strengthen the economy. This problem can be solved by targeting the agricultural finance problem. From the very beginning, agricultural finance strategies were focused on marketing, trade, and processing and agribusiness purposes at the level of the peasantry. The All India Rural Credit Survey (1954) states that agricultural finance in India fell short of the right amount, did not break the right motive, and often failed to reach the right people. It is a matter of concern in India that the amount paid to agriculture sector has increased over the last two decades, but it has benefited the right people, at the right time and in the right amount. Even today, rural credit for the basic needs of business, including production, processing, marketing, distribution, utilization, value added services, requires serious government attention. This study shows that even though the number of institutional credit in the agricultural sector is increasing in India, efforts should be made to provide the right kind of people at the right time, in the right place and in the right way, which will help the Indian people Agricultural sector in the right direction.

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