

Review on Institutional Agricultural Credit Facilities for Growth of Agriculture and Related Problems in India—A Longitudinal Analysis

Tuhin Narayan Roy

Department of Agricultural Economics, Uttar Banga Krishi Viswavidyalaya,
P.O. Pundibari -736165, Dist. Coochbehar, West Bengal (India)
E-mail: tuhinroy@rediffmail.com

1. INTRODUCTION

Finance is an important ingredient for development, as it allows rural and agricultural communities to become successful in creating livelihoods and improving food security (Johan et al, 1997). It is reported by International Finance Corporation (IFC, 2013) that, in developing countries, where agriculture is a source of livelihood for 86 per cent of rural people, financing for investments in agriculture is scarce, even for large investors. Small and marginal farmers having low level of fund dominate Indian agriculture and need fund badly. As such, credit is a critical input for production and, thus, access to agricultural credit assumes much important for growth and development of agricultural sector in India. Keeping in view about the importance of agriculture in Indian economy, Government has been trying to attract private investment in agriculture as well as making appropriate policies to strengthen the institutional credit delivery system to boost up its production, processing and marketing (Ruete, 2015).

Share of institutional agricultural credit stands at 60.3 percent in 2013 which is much higher compared to only 7 percent in 1951. It may happen due to several initiatives taken by the Govt. which includes acceptance of Rural Credit Survey Committee Report (1954), nationalization of major commercial banks (1969 & 1980), lead bank scheme (1969), establishment of Regional Rural Bank (1975), setting up of National Bank for Agriculture & Rural development (1982), financial sector reforms (1991 onwards), Special Agricultural Credit Plan (1994), launching Kisan Credit Card (1998), doubling agricultural credit within three years (2004), Agricultural Debt waiver and Debt Relief Scheme (2008) and *Jan Dhan Yojana* (2014). As a result, borrowing in absolute terms by rural household has increased from Rs. 980 in 1992 to Rs. 4850 in 2013, registering an annual growth rate of 7.5 percent (Kumar, 2015).

In spite of these initiatives, persistence of non-institutional credit (moneylender, large landowners, traders, relatives and friends) has serious implications and raises several questions on the limitations and effectiveness of institutional credit mechanism (Kumar, 2015). Although the overall credit flow to the agriculture sector has increased under '*Priority Sector Lending*' in recent years, the share of long-term credit in agriculture or investment credit declined. Furthermore, approximately 40 per cent of agricultural credit still comes from informal sources, despite an increase in the flow of institutional credit to agriculture in recent years. As such Swinnen et al, (1997) opined that the "credit" in a planned economy is the monetary policy instrument for credit allocation which ensures the realization of physical targets.

Narayanamoorthy, et al (2015) is of view that enhanced farm credit is very much needed for increasing farm productivity, but it should be coupled with affordable farm inputs and a viable MSP, will indeed provide the desired results. He highlighted that the Rangarajan Committee on Financial Inclusion (2008) that a bulk of small and marginal farmers does not have access to institutional credit. Besides, according to Union Budget (2013), the target for agricultural credit would be increased to Rs. 7 lakhs crore as compared to Rs. 5.75 lakhs crore over its previous year. If that is so, then why incidents of farm suicides have risen from 1,08,593 in 2000 to 1,34,599 in 2010? If such massive credit expansion policies of the government are not reaching the targeted beneficiaries, then where is it going?

Success of Indian agriculture is largely determined by the performance of large number of resource-poor small and marginal farmers. But increase in number of small & marginal farmers, fragmentation of holdings, degradation of land, decrease in per capital operational land holding (1.15 ha.), increase in dependency ratio, higher input prices & stagnation of output prices, rural poverty (25.7% below poverty line), climate change etc. make the agriculture less economic and there is a tendency for shifting to other occupations.

International Fund for Agriculture and Development (IFAD, 2009) identified four issues constraining the development and effectiveness of agricultural credit system in developing countries such as (i) high cost of credit and borrowing with low infrastructural facilities, (ii) risk factor, (iii) poor financial and service sectors and finally, lack of record and information.

In view of above, this study attempts to have a review on the existing dynamics of institutional credit delivery system in agriculture in relation to growth of some micro and macro-economic parameters which are assumed to be the most important to determine the impact of growth of agricultural credit in India.

2. MATERIALS AND METHODS

This study has been undertaken with the secondary data as the unique source of information. Ten years' time series data with effect from 2001 on different aspects of agricultural finance and some micro and macro-economic parameters related to agriculture in India have been reviewed, recorded and put for analysis. Techniques of estimating percentage, growth rate etc. have been attempted and are presented in tabular form. Journals, annual reports, articles, periodicals, other printing materials, research papers, books, etc. are also taken into consideration. Information from different related websites have been gathered for consultation and interpretation. Besides, simple mathematical tools like percentage, addition, average etc., time series data have been put for estimation Compound Growth rate (CGR) with the following equation and formula :

$$Y = a b^t \dots\dots\dots (1)$$

Where,

Y = the area / production / productivity

t = time variable in year

a = constant and

b = (1 + i), where i = Compound Growth Rate (CGR)

The equation (1) takes the following linear form by taking logarithms to the lane of both sides of the equation and following technique least square method for estimation Compound Growth Rate (CGR) of different time series data has been followed.

$$\log Y = \log a + t \log b$$

Compound growth rate is computed using the following formula.

$$\text{Compound Growth Rate (CGR)} = \text{Antilog} (\log n b - 1) \times 100 \text{ (Das, 1997)}$$

3. RESULTS AND DISCUSSION

3.1 Flow of Institutional Credit to Agriculture

The emphasis of the Govt. policies on credit has been on progressive institutionalization of providing timely and adequate credit support to all farmers to enable them to adopt improved agricultural practices for higher production and productivity (Economic Survey, 2013-14). These policies have resulted in the increase in the share of institutional credit. Growth of flow of agricultural credit indicates that total supply of agricultural credit grows at the rate of 18.97% CGR. CGR for production credit (short term) is found to be the highest (22.38%) (Table 1).

Table 1: Target and Achievement of Institutional Credit to Agriculture (Rs. in Crore)

Year	Target	Achievement		
		Production (ST) Credit	Other (MT/LT) Credit	Total
2004-05	105000	76062	49247	125309
2005-06	141000	105305	75136	180486
2006-07	175000	138455	90945	229400
2007-08	225000	181393	73265	254658
2008-09	280000	210461	91447	301908
2009-10	325000	276656	107858	384514
2010-11	375000	319108	127671	446779
2011-12	475000	396158	114871	511029
2012-13	575000	473500	133875	607375
2013-14	700000	573001	138620	711621
CGR (%)	20.89%	22.38%	10.90%	18.97%

Source : Economic Survey (2014)

Seetha (2015) had shown the study of Tata Institute of Social Sciences (TISS) which notes that while 922 rural bank branches were closed down between 1995 and 2005, 5710 new rural bank branches were opened between 2005 and 2012. This was accompanied by an increase in credit flow to agriculture. In 1995, rural branches accounted for 51.7% of total agricultural credit, semi-urban 29.3%, urban and metropolitan 9.5% each. By 2011, the share of rural and semi-urban branches had come down to 37.9% and 29% respectively while that of urban and metropolitan branches had increased to 18.4% and 14.7% respectively.

The study also shows disconnect between agricultural credit and investment in fixed capital. Between 1991-92 and 2011-12, it notes, the share of long-term credit (used to finance capital investment) in direct agricultural credit fell from 75% to 39.3%. On the other hand, the share of short-term credit (crop loans and for seasonal operations) increased from 24.9% to 60.7% over the same period. Narayanan (2015) says that it is important to invest in farm-level infrastructure like micro-level irrigation structures to reduce dependence on rainfall.

Records show that share of institutional agricultural credit as compared to non-institutional agricultural credit have been in

rising trend. **Table 2** shows that this share reaches at 64% in 2013 as compared to 10.2% in 1951.

Table 2: Break up of Share of Institutional and Non-Institutional Agricultural Credit (in %)

Sources of Credit	1951	1961	1971	1981	1991	2002	2013
Institutional	10.2	20.9	32	56.2	66.3	61.1	64
Non-Institutional	89.8	79.1	68	43.8	33.7	38.9	36
Total	100	100	100	100	100	100	100

Source: All India Debt and Investment Survey, Various Issues, NSSO

Presently, commercial banks are entrusted to extend financial support to agriculturists through direct finance and indirect finance. Indirect finance includes finances for inputs, electricity, loans to farmers through PACS/FSS/LAMPS and other types of indirect finance. Both direct finance and indirect finance show an increasing trend of growth over the period from 2004-05 to 2013-14 (**Table 3**). Total direct finance grows with CGR 20.70% and in case of indirect finance, it is 22.06%.

Table 3: Scheduled Commercial Banks' Advances to Agriculture – Outstanding (Rs. in Billion)

Year	Total Direct Finance	Indirect Finance					Total Indirect Finance	Total Direct and Indirect Finance
		Distribution of Fertilizers and other Inputs	Loans to Electricity Boards	Loans to Farmers through PACS /FSS /LAMPS	Other Types of Indirect Finance	Total Indirect Finance		
2004-05	955.65	51.34	41.74	8.61	259.02	360.71	1316.36	
2005-06	1347.98	64.40	64.64	7.69	435.01	571.75	1919.73	
2006-07	1721.28	85.16	113.19	13.60	613.69	825.64	2546.92	
2007-08	2146.44	NA	NA	15.42	919.01	934.43	3080.87	
2008-09	2648.93	NA	NA	5.99	1101.03	1107.02	3755.95	
2009-10	3177.67	NA	NA	12.94	785.04	1455.54	4633.21	
2010-11	3602.53	NA	NA	8.80	621.59	1469.23	5071.76	
2011-12	4407.58	NA	NA	7.97	637.71	1425.85	5833.43	
2012-13	5343.31	NA	NA	NA	NA	1111.02	6454.33	
2013-14	6273.11	NA	NA	NA	NA	2647.56	8920.67	

CGR (%)	20.70	-	-	-0.96%	11.92	22.06	21.09%
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Source : Agricultural Census Division, Department of Agriculture and Cooperation (Input Survey, 2006 & 2011)

Narayanamoorthy et al (2015) showed that during 1990-91, of the total credit issued to agriculture about 20% was accounted for by indirect finance in form of loans to companies that make farm inputs, state electricity boards, agribusiness companies, etc. The growth rate of direct credit has gradually slowed down, whereas that of indirect credit has recorded a big jump.

Seetha (2015) mentioned that the share of outlay on agriculture in the 12th Plan (2012-17) was projected at 4.7%. She indicated that in 2012 government spending on agriculture – almost 20-25% of agricultural GDP. Unfortunately, she pointed out, close to 80% of this spending was on input subsidies on fertilizer, electricity and irrigation.

To ascertain the extent of agricultural credit according to farmers' categories and average size of holdings, a close perusal to **Table 4** shows that number of holdings for marginal farmers is increasing from 62.9% in 2001 to 67.1% in 2011. The average size of holding has been decreasing from 0.40 ha. to 0.39 ha. but their access to institutional credit accounts only 32.55% during the same period. Average size of holding for all categories of farmers has reduced to 1.15 ha. from 1.33 ha. In case of large farmers, their percentage of number is only 0.7%, but they possess 10.6% of total area and take 5.4% of total institutional credit which implies discrimination of credit distribution among different groups of farmers.

Table 4: Number, Area and Institutional Loan Taken according to Size Group of Farmers

[No. of holdings : ('000 No.), Area operated : ('000 ha.), Average size : ha., Loan : Rs. in lakh]

Category of Holdings	No. of Holdings		Area		Average size of Holdings		Institutional loan taken
	2000-01	2010-11	2000-01	2010-11	2000-01	2010-11	
Marginal (<1 ha.)	75408 (62.9)	92826 (67.1)	29814 (18.7)	35908 (22.5)	0.40	0.39	2759746.18 (32.55)
Small (1.0 to 2.0 ha.)	22695 (18.9)	24779 (17.9)	32139 (20.2)	35244 (22.1)	1.42	1.42	1917399.68 (22.60)
Semi-medium (2.0 to 4.0 ha.)	14021 (11.7)	13896 (10.0)	38193 (23.9)	37705 (23.6)	2.72	2.71	1783536.01 (21.04)
Medium (4.0 to 10.0 ha.)	6577 (5.5)	5875 (4.2)	38217 (24.0)	33828 (21.2)	5.81	5.76	1560395.47 (18.41)

Large (> 10.0 ha.)	1230 (1.0)	973 (0.7)	21072 (13.2)	16907 (10.6)	17.1 2	17.3 8	458453.85 (5.40)
All Holdings	11993 1 (100.0)	13834 8 (100.0)	15943 6 (100.0)	15955 2 (100.0)	1.33	1.15	8475931.19 (100.0)

Source : Agricultural Census Division, Department of Agriculture and Cooperation (Input Survey, 2006 & 2011)

Agricultural Census (2011) mentioned that out of 15.62 Cr. of households, 9.02 Cr. are agricultural households. Among the agricultural households, nearly 4.69 Cr. have taken loan but share of indebted households is 51.9% which implies gravity of poor farming community.

3.2 Growth or Impact on Some Micro and Macro-Economic Aspects in Relation with Expansion of Agricultural Credit

(i) Area, Production, Yield and Irrigation Percentage of Principal Crops in India

Effect of expansion of agricultural credit can be ascertained with the area, production and productivity of principal crops in India. Due to very low volume of land-man ratio, area under cultivation remains almost stagnant (CGR = 0.49%). An increasing trends, in case of production (CGR=2.93%) and productivity (CGR=2.43%) have been observed. Irrigation percentage, though rate is very slow, has been found rising. Details of the data are presented in **Table 5**.

Table 5: Area, Production, Yield and Irrigation Percentage of Principal Crops in India

[Area : Million ha., Production : Million tones, Yield : Kg/ha.]

Year	Area	Production	Yield	Irrigation (%)
2004-05	120.08	198.36	1652	44.2
2005-06	121.60	208.60	1715	45.5
2006-07	123.71	217.28	1756	46.3
2007-08	124.07	230.78	1860	46.8
2008-09	122.83	234.47	1909	48.3
2009-10	121.33	218.11	1798	47.8
2010-11	126.67	244.49	1930	47.8
2011-12	124.75	259.29	2078	49.8
2012-13	120.78	257.13	2129	-
2013-14	126.04	264.77	2101	-
CGR (%)	0.49%	2.93%	2.43%	1.50%

Source : Directorate of Economics and Statistics, Deptt. of Agril. & Coop.

(ii) Minimum Support Prices (MSP) of Various Agricultural Commodities

Considering the importance of prices of agricultural commodities for effective use of agricultural credit, minimum support prices (MSP) of principal crops, being a very important farm policy to ensure the farm income and also to encourage the farmers boost up production is studied. There has been a steady increase in the value of MSP for different

major crops for 2010-11 to 2014-15 which have been substantiated with their positive CGR values (**Table 6**).

Table 6: Minimum Support Prices of Various Agricultural Commodities (According to crop year) Unit : Rs. per Quintal

Commodity	Variety	2010-11	2011-12	2012-13	2013-14	2014-15	CGR (%)
Kharif							
Paddy	Common	1000	1080	1250	1310	1360	6.34%
	Grade "A"	1030	1110	1280	1345	1400	6.33%
Maize	-	880	980	1175	1310	1310	8.28%
Arhar (Tur)	-	3000	3200	3850	4300	4350	7.71%
Moong	-	3170	3500	4400	4500	4600	7.73%
Sunflower Seed	-	2350	2800	3700	3700	3750	9.80%
Rabi							
Wheat	-	1120	1285	1350	1400	1450	5.30%
Gram	-	2250	2800	3000	3100	3175	7.13%
Lentil	-	1800	2500	2800	3000	3050	11.12%
Rapeseed & Mustard	-	1850	2500	3000	3050	3100	10.88%
Others							
Jute	-	1575	1675	2200	2300	2400	8.79%
Sugarcane	-	139.12	145.00	170.00	210.00	220.00	9.60%

Source : Directorate of Economics and Statistics, Deptt. of Agril. & Coop.

Narayanamoorthy et al (2015) has also opined that enhanced farm credit is very much needed to boost the farm productivity, but if coupled with affordable farm inputs and a viable MSP, will indeed provide the desired results.

(iii) Percentage Share and Percentage Growth of GDP

Agricultural credit also helps to augment in total agricultural output which, in turn, contributes to country's GDP. Following **Table 5** shows Except the percentage share of GDP of service sectors, share of growth of all other parameters show a declining trend.

Table 5: Percentage Share and Percentage Growth of Agriculture and Allied Activities of GDP at 2004-05 Prices

Year	Agriculture, Forestry and Fishing		Industry		Services	
	% share of GDP	% growth of GDP	% share of GDP	% growth of GDP	% share of GDP	% growth of GDP
2004-05	19.0	NA	27.9	NA	53.0	NA
2005-06	18.3	5.1	28.0	9.7	53.7	10.9
2006-07	17.4	4.2	28.7	12.2	54.0	10.1
2007-08	16.8	5.8	28.7	9.7	54.4	10.3
2008-09	15.8	0.1	28.1	4.4	56.1	10.0
2009-10	14.6	0.8	28.3	9.2	57.1	10.5

2010-11	14.6	8.6	27.9	7.6	57.5	9.7
2011-12	14.4	5.0	28.2	7.8	57.4	6.6
2012-13	13.9	1.4	27.3	1.0	58.8	7.0
2013-14	13.9	4.7	26.2	0.4	59.9	6.8
CGR(%)	-3.08%	-0.81%	-0.63%	-27.30%	1.23%	-5.11%

Source : Central Statistics Office, Govt of India, New Delhi

(iv) Gross Capital Formation (GCF) in Agriculture and Allied Sectors

Capital formation is one of the main objectives of agricultural credit. Table 6 tries to highlight the GCF at public as well as private sector. CGR of GCF of public sector (10.89%) is lower compared to private sector (14.51%) and overall GCF in agriculture has a rising trend. However, share of agriculture and allied sectors in public sector shows a negative trend (CGR= -1.95%) compared to private sector (CGR=2.10%).

Table 6: Gross Capital Formation (GCF) in Agriculture and Allied Sectors (at current prices)
(Unit : Rs. in Crore)

Year	GCF in Agriculture and Allied Sector			Share of Agriculture and Allied Sector		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
2004-05	16187 (21.27)	59909 (78.73)	76096 (100.0)	6.7	7.8	7.5
2005-06	20739 (23.06)	69204 (76.94)	89943 (100.0)	7.1	7.4	7.3
2006-07	25606 (25.33)	75496 (74.67)	101102 (100.0)	7.2	6.7	6.8
2007-08	27638 (22.41)	95679 (77.59)	123317 (100.0)	6.3	6.8	6.7
2008-09	26692 (16.65)	133655 (83.35)	160347 (100.0)	5.0	9.6	8.3
2009-10	33201 (17.99)	151325 (82.01)	184526 (100.0)	5.6	9.2	8.3
2010-11	31968 (16.20)	165396 (83.80)	197364 (100.0)	4.9	8.2	7.4
2011-12	36887 (14.65)	214818 (85.35)	251705 (100.0)	5.3	9.2	8.3
2012-13	45511 (16.38)	232328 (83.62)	277839 (100.0)	5.5	9.6	8.6
CGR(%)	10.89%	14.51%	13.83%	-1.95%	2.10%	1.38%

Source : Central Statistics Office, Govt of India, New Delhi

The *Pocket Book of Agricultural Statistics 2014* shows that while gross capital formation (GCF) in agriculture did show a rising trend from 2004-05 to 2012-13, from 13.5% in agricultural GDP to 16.9%, the bulk of this increase was in the private sector (10.6% to 14.1%). GCF in the public sector stagnated at around 2.9% (Seetha, 2015).

(v) Agricultural and Allied Sectors GDP and Employment

Increase in the level of employment is an important issue for agricultural development. Whether extending facilities of agricultural credit has any impact on the growth of employment of agriculture and allied sector, Sharma (2014) has been presented in the same table for perusal. Workers employed in agricultural and allied sector over the period

1952-53 to 2012-13 shows a rising trend as evident from the positive CGR value (1.68%) (Table 7).

Table 7: Agricultural and Allied Sectors GDP and Employment

Period (TE=Three Year Ending)	Agriculture and allied sectors GDP at constant 2004-05 prices (Rs. crore)	Workers employed in agricultural and allied sectors (Million)	Share of agriculture and allied sectors in overall GDP (Per cent)	Share of workers engaged in agricultural and allied sectors to total number of workers (Per cent)
TE 1952-53	162,112	97	56.5	69.8
TE 1972-73	258,070	126	43.5	69.7
TE 1992-93	406,404	185	29.3	64.8
TE 2012-13	745,385	263	14.3	54.6
CGR(%)	2.58%	1.68%	-2.26%	-0.41%

Source: Transformation in Indian Agriculture, Allied Sectors, and Rural India: Is there less krishi in Bharat? Dr Anil K. Sharma, Senior Fellow, NCAER and NABARD Chair Professor at NCAER (2011-2014), Feb.'15 (www.ncaer.org)

(vi) Agricultural Employment Growth Rates

Study of the then Planning Commission for the period 1993-94 to 2004-05 shows that there was very marginal growth in case of total agricultural employment with a positive employment elasticity (Ee=0.17) (Table 8).

Table 8: Agricultural Employment Growth Rates

Aspects	1993-94 to 1999-00	1999-00 to 2004-05	1993-94 to 2004-05
Agricultural Self Employment	-0.53	2.89	1.01
Agricultural Wage Employment	1.06	-3.18	-0.89
Total Agricultural Employment	0.03	0.85	0.40
Agricultural GDP	2.88	1.76	2.37
Implied Employment Elasticity	0.01	0.49	0.17
Real Agricultural Wage rate (CPIAL deflated)	2.74	1.46	2.15

Source : Planning Commission, Govt. of India, CPIAL = Consumer price index of agricultural labourer

In view to compare the employment between agriculture and non-agriculture in various round of NSS, it has been found that growth in employment in agriculture (CGR=1.50%) is

lacking behind the industry (3.79%) which is evident from the **Table 9**.

Table 9: Employment (Agriculture and Non-agriculture) in various Round of NSS (CDS basis)

Year	Agriculture	Non-Agriculture	Total
1993-94	191.58	122.35	313.93
1999-00	191.55	146.64	338.19
2004-05	200.40	184.51	384.91
2009-10	243.21	216.97	460.18
CGR(%)	1.50%	3.79%	2.42%

Source : Planning Commission, Govt. of India

(vii) Growth of Population and Agricultural Workers

Growth rate of agricultural labourers (CGR=2.82%) remains higher compared to average exponential growth (AEGR = 1.50%) of population whereas extent of growth of cultivators has declined (CGR=1.03%) (**Table 10**) which implies that farming communities show a tendency to shift towards other profitable or alternative non-agricultural livelihoods opportunities.

Table 10: Population and Agricultural Workers (Unit : Million No.)

Year	Total Population	Average Annual Exponential Growth Rate (%)	Rural Population	Agricultural Workers		
				Cultivators	Agricultural Labourers	Total
1971	548.2	2.20	439.0 (80.1)	78.2 (62.2)	47.5 (37.8)	125.7
1981	683.3	2.22	525.6 (76.9)	92.5 (62.5)	55.5 (37.5)	148.0
1991	846.4	2.16	630.6 (74.5)	110.7 (59.7)	74.6 (40.3)	185.3
2001	1028.7	1.97	742.6 (72.2)	127.3 (54.4)	106.8 (45.6)	234.1
2011	1210.8	1.50	833.7 (68.9)	118.7 (45.1)	144.3 (54.9)	263.0
CGR(%)	-	-	1.62%	1.03%	2.82%	1.86%

Source : Planning Commission, Govt. of India

(viii) Trend of Population Below Poverty Line (BPL)

Alleviation of poverty is one of the main policies of the govt. for extending credit support to the rural and agricultural sector. Accordingly, **Table 11** reveals that change of the level of BPL over the period from 2004-05 to 2010-11. Though overall decline of BPL level is satisfactory (CGR= -8.45%), trend in decline in BPL has been less prominent for rural poor (CGR= -7.86%) compared to urban poor (CGR= -9.84%).

Table 11. Percentage of Population Below Poverty Line (BPL)

2004-05			2009-10			2010-11			CGR(%)		
Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
42.0	25.5	37.2	33.8	20.9	29.8	25.7	13.7	21.9	-7.86	-9.84	-8.45

Source : Planning Commission, Govt. of India

In fact, credit plays the role of critical input for agricultural development. Reduction of poverty is a consequence of different policies, programmes and efforts.

In order to address the sustainability challenges in agriculture, the Indian government has been implementing several policies and missions including the National Food Security Mission, the Mission for Integrated Development of Horticulture, the National Mission for Sustainable Agriculture, Paramparagat Krishi Vikas Yojana, to promote organic farming practices, Pradhan Mantri Krishi Sinchayee Yojana to promote efficient irrigation practices and the National Mission on Agricultural Extension and Technology and Rastriya Krishi Vikash Yojana etc. Recently, Pradhan Mantri Fasal Bima Yojana is taken up to ensure the income of the farming community under risk.

4. CONCLUSION

Volume of agricultural credit by institutional agencies in India has increased many folds. But its actual allocation and efficiency in use invite lot of queries by various researchers. Small and marginal farmers who demand more credit but majority of them do not access to it. Study on trend of growth of agriculture and economic status of rural people and related macro-economic aspects show a very slow growth rate. Productivity of food crop, capital formation, etc. have an increasing trend but employment in agriculture has not declined justifying its importance. Decrease of BPL (below poverty line) in rural areas is not prominent compared to urban areas. Provision of agricultural credit at easy T&C will increase production and income of the rural farmers. Govt. role of allocation of credit only needs rethinking. Thus, credit is not alone. Policy implementations regarding trade, infrastructures, human resource development, research & technology etc. are also important. Besides, a holistic approach is needed to include financial sector and non-financial services to expect a positive impact of credit in micro and macro perspectives of Indian economy.

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