

Issues in Agriculture Credit in India: An Assessment

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Abstract

This paper attempts to analyze the issues in agricultural credit in India. The analysis reveals that the credit delivery to the agriculture sector continues to be inadequate. It appears that the banking system is still hesitant to purvey credit to small and marginal farmers. This situation calls for concerted efforts to augment the flow of credit to agriculture, along with innovation in product design and methods of delivery (like Business Correspondent, Mobile Banking), through better use of technology and related processes. Facilitating credit through processors, input dealers, NGOs etc. that are vertically integrated with the farmers, including through contract farming, for providing them critical inputs or processing their produce, could increase that credit flow to agriculture significantly. Micro Finance also needs to be pursued to assist poor to graduate into micro enterprise. RRBs have a crucial role to play in purveying credit to tribal population and neglected segments.

Key Words: Agriculture Credit, Access to financial services, Business Correspondent, Credit Delivery, Financial Inclusion, Micro Enterprise, Micro Finance.

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