

IMPACT OF AGRICULTURAL CREDIT SCHEMES ON AGRICULTURE OUTPUT

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ABSTRACT

Agriculture credit schemes have become necessity of most of the farmers. Government has introduced various credit schemes for farmers. Proper benefit of these schemes can only be given to the farmers by proper and efficient implementation. In this study impact of agricultural credit schemes on agriculture output is find out. Data collected during this study reveals that there is negative impact of agricultural credit schemes on agriculture output. Suggestions for better implementation of various agricultural credit schemes and removal of bottlenecks for improving impact on agriculture output are given in research paper.

KEYWORDS: *Agriculture Credit Schemes, Agriculture Output, Term Loan, Investment Loan.*

Introduction

Agricultural credit can be defined as a type of financing which is used for providing funds for agricultural producers. It is considered as one of the most basic inputs for conducting all agricultural development programs. In India there is immense need of agricultural credit schemes. Many agencies like co-operative banks, commercial banks, rural banks, etc provided adequate credit to farmers, at a cheaper rate of interest. Moreover, with growing modernization of agriculture during post-green revolution period the requirement of agricultural credit has increased further in recent years. Agriculture output contributed about 18% in Indian GDP in last five years while 52% of the nation's workforce is engaged in agricultural activities to earn their livelihood. Agriculture output can be increased through proper and better implementation of various credit schemes. This in turn will improve financial status of farmers and contribute more and more in Indian GDP.

Research Methodology

Review of Literature

Agricultural credit has been a significant area of research for decades. There have been various measures taken to improve the availability of credit sources to farmers. Studies have been conducted to evaluate the scope and execution of credit schemes for farmers:

Literature 1: Binswanger and Khandker (1992) in their study explained that the output of the rural finance has been much smaller as compared to the nonfarm sector. Despite the fact that agricultural credit has significantly increased the use of fertilizer and private investment in machines and livestock, the impact on crop output has not been large. High impact on inputs and modest impact on output signifies that the additional capital investment has majorly contributed in substituting for agricultural labor than in increasing crop output.

Literature 2: Sreeram (2007) in his analysis concluded that the increased supply and administered pricing of credit help in increasing the agricultural productivity. There can be multiple sources, formal and informal for borrowings in agricultural sector. Borrowing from formal sources is a part of this sub-component. He also stated that the diversity of cropping patterns, holding sizes, productivity, regional variations make it problematic to

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