



## Agricultural Credit and Farming Community

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The loan or advance money which is used to finance agricultural transactions. Credit/loan is certain amount of money provided for certain purpose on certain conditions with some interest, which can be repaid sooner or later (Kulshrestha, M.). Agricultural credit is considered as one of the most basic input for leading all agricultural development programs.

### Why farmers are having need of Agricultural credit?

1. Purchase of new inputs
2. Purchase of implements
3. Better marketing of products
4. Better management of risk
5. Permanent improvement in land
6. Purchase of cattle
7. Payment of ancestor's debt
8. Consumption expenditures
9. To face crisis

### Various kinds of Agricultural credit: Agriculture credit in India can be classified into three major types.

- 1. Short-term credit:** The short-term credit range upto one year. The farmers need short-term credit for meeting the working capital requirements of agriculture such as purchase of seeds, fertilizers, pesticides, paying wages to workers and other casual expenses etc.
- 2. Medium-term credit:** Medium-term credit range from 1 to 5 years. The farmers require medium-term credit for purchase of cattle, purchase of agricultural implements and water pumping machinery etc.
- 3. Long-term credit:** The duration of long-term credit exceeds 5 years. The farmers need longterm credit for making any permanent improvement on land like sinking of wells, reclamation of land, horticulture etc.

### Flow of credit to agriculture

The Government of India fixes the agricultural credit target every year for commercial banks, RRBs, and rural co-operative bank during 2020-21, against the target of Rs. 15 lakh crore, banks achieved 75.1 per cent of the target (Rs. 11.27 lakh crore) as on December 31, 2020, of which commercial banks, RRBs and rural co-operative banks achieved 78.6 per cent, 74.2 per cent and 59.3

### **Kisan Credit Card (KCC) Scheme**

KCC scheme introduced in 1998, aimed at providing adequate and timely credit support from the banking system under a single window with flexible and simplified procedure for the farmers for their overall credit requirements such as cultivation of crops, post-harvest expenses, marketing of produce, maintenance of farm assets, activities allied to agriculture and also consumption requirements of farmer households. As per 2019 data, there were total 66.2 million operative KCC accounts and as per agriculture census 2015-16 the no. of land holdings were approximately 145 million, which implies that only 45 per cent of farmers posed operative KCCs.

### **Problems faced by farmers to access the agricultural credit in India**

1. Less flow of credit to small farmers
2. High interest rate
3. Amount of bad debts is increasing
4. Delay in the disbursement of credit
5. Complicated procedure for advancing loans

### **Conclusion**

Despite huge increase in overall agricultural credit, there is a serious problem of over- dues which has been inhibiting credit expansion on the one hand and economic viability of the lending institutions, mainly the co-operative and regional rural banks on the other. All small and marginal farmers still remain unworthy borrowers in the banking parlance, though it was hoped at the time of nationalization that these banks would take care of the credit needs of the farmers. It help to farmers to adopt modern technology and improved agricultural practices for raising crop productivity and production.