



**Research Paper**

## Trends in agricultural finance in India

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**ABSTRACT :** Finance in agriculture is as important as other inputs being used in agricultural production. Realizing the importance of agricultural credit in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural credit is being emphasized since the beginning of planned development era in India. The paper discusses the history and need of agricultural finance in India, sources and magnitude of agricultural finance and assesses its progress. The article is based on the secondary data compiled from diverse sources and analyzed using descriptive statistical tools. Finance is needed to farmers both for production and consumption (unproductive) purposes. The two major sources of finance in agriculture are institutional and non-institutional sources. Over the years, there has been a sharp decline in the percentage of agricultural credit financed by non-institutionalized sources like money-lenders from 90.90 per cent to 21.90 per cent. The highest increase in loans issued was in the case of Scheduled Commercial Banks with CGR of 18.82 while the lowest was in the case of co-operatives with CGR of 13.34 per cent in case of short term credit. In case of long term credit, the highest loan outstanding was in the case of Scheduled Commercial Banks with CGR of 29.13 per cent while the lowest was in the case of co-operatives with CGR of 4.49 per cent. Imparting training to borrowers regarding procedural formalities of financial institutions could be helpful in increasing their access to institutional credit. The option of microfinance and Kisan Credit Card (KCC) should be adopted and streamlined to alleviate the plight of the marginal, small and tribal farmers. They should be linked effectively to the self-help groups (SHGs).

**KEY WORDS :** Agriculture, Finance, Institutional, Non-institutional sources, Kisan Credit Card

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