



ORIGINAL RESEARCH PAPER

Commerce

AGRICULTURE CREDIT AND SCHEMES: A PRACTICE OF OTHER COUNTRIES

KEY WORDS:

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1.1 Introduction

Agriculture means the science, art or occupation concerned with cultivating land, raising crops, and feeding, breeding and raising livestock¹. Agriculture has been described as the purposive raising of livestock and crops for human needs. The word 'purposive' thus excludes hunters and gatherers who have not domesticated the plants and animals they use for food². Finance in agriculture is as important as other inputs being used in agricultural production. Credit has been considered not only as one of the critical inputs in agriculture, but also an effective means of economic transformation. A large number of agencies, including cooperatives, regional rural banks, commercial banks, non-banking financial institutions, self-help groups and a well spread informal credit outlets together represent Indian rural credit delivery system³.

1.2 Agriculture Credit in India

Increasing finance and investment in rural areas is an essential part of addressing food security and poverty reduction in India. Agricultural finance is dedicated to financing agricultural related activities such as input supply, production, distribution, and wholesale, processing, and marketing. Farmers get external financial assistance from two sources namely, i) non-institutional or unorganized agencies, and ii) institutional or organized agencies. There are two types of money lenders in rural areas: agriculture Moneylender and professional money lender. Agricultural money lender's main occupation is farming and money lending is a secondary one. Professional money lender's main profession is money lending. Although the reliance on agricultural and professional money lenders by rural poor declined over the years, i.e., from 89.8 percent of their total credit requirement in 1951 to 36 percent in 2013, the credit disbursed by money lenders still forms a major portion of the total credit obtained by the farmers⁴.

1.3 Objective of the study

1. To know the various types of agriculture credit available in India.
2. To study the new schemes of the government for the development of the agriculture sector in India.
3. To list out some of the schemes or practices of other countries for the advancement of the agriculture sector.

1.4 Research Methodology

The secondary data have been collected from the published report of Reserve bank of India, State Level Banking Committee, All India Debt and Investment Survey, Niti Ayog, Planning Commission of India. Secondary data is also collected from the publications and authentic records and websites. The reports of World Bank and African Development bank Group have been used to list out the innovative finance scheme for the farmers.

1.5 Literature Review

Prafulla Chandra Mohanty (2007) in her paper titled "Agricultural Credit: A Core Component of Rural Development" focused on institutional credit in rural India and comparative study on the credit agencies. It is observed that till 1970-71, cooperatives had virtually a monopoly in meeting agricultural credit. It is also marked that due to the advent of commercial and rural banks into the credit market, the overall percentages of credit supply through cooperatives were decreasing from 44% (1997-96) to 37 % (2003-04). It was suggested in the paper to increase agriculture credit and subsidized credit supply should be made to the small and marginal farmers⁵.

Mittal Gandhi & Tripathi (2010) highlighted various mobile communications technology which can provide a lifeline to agricultural communities around the developing world. M-payment, M-insurance, M-credit, M-saving successfully adopted in Kenya, Nigeria, Uganda and South Africa in the working paper titled "Multiplying Agriculture by the Power of Mobile"⁶.

Dr. A. Selvaraj (2015) in the research paper titled "Crop Insurance: A Study with Farmers Awareness and Satisfaction" found that various schemes launched from time to time in the country agricultural insurance have served a very limited purpose. The coverage in terms of area, a number of farmers and value of agricultural output is very small, payment of indemnity based on area approach miss affected farmers outside the compensated area, and most of the schemes are not viable.⁷

Kiran Yadav (2009) in the article Agricultural Extension in India: A Journey since 1952 observed that since independence we have been experimenting with various development programmes to develop rural India. But still, they failed to give expected results due to various reasons out of which lack of sincerity in implementation and misuse of funds are important. ATMA (Agricultural Technology Management Association), NAIP (National Agricultural Innovation Project) have been introduced either after eliminating some weaknesses of previous attempts or giving due attention to some basic factors for agriculture and rural development. It is expected that the new attempts will boost the process of development and India will become a developed nation by 2020. The success of the new programmes will very much depend on how they are implemented. Otherwise one day some new approach will replace them and history will repeat again.⁸

1.6 Various types of agriculture credit and schemes available in India

The crop loan and term loan is provided in India for the agriculture purpose.

- The crop loan is provided to meet all expenses involved in raising a particular crop including various agronomic practices. The objective of the scheme is to make available at ground level, agricultural credit for short-term crop loans at an affordable rate to give a boost to agricultural productivity and production in the country.
- The Term loan is provided for the purpose of land development, Farm mechanisation, Irrigation, dairy development, fisheries and etc.

It has been found from the secondary data that Government has introduced various policies, schemes, and programmes for the growth of the agriculture sector. A "policy" is a statement of intent to achieve certain goals by a local, regional or national governments of a country. A policy could be documented in legislation or other official documents. A government policy statement is a declaration of a government's activities, plans, and intentions relating to a concrete cause. They are the guiding principles that government seeks to achieve and preserve in the interest of the national community. To help farmers in switching to unconventional methods of farming, the state government will set up the country's first university exclusively focusing on organic farming. The state government is committed to promoting organic farming and in order to achieve it; a fund of Rs 10 crore has been earmarked towards the university in the annual 2016-17 Budget.⁹

The Scheme is the type of offer with few benefits. A scheme, project, and program are structural plan or activity to achieve the goal of the policy. To boost up the agriculture sector following schemes and program also initiated by the Government.

Scheme/Programme	Details of scheme/ Programme
Soil Health Card Scheme	<ul style="list-style-type: none"> A Soil Health Card is used to assess the current status of soil health and, when used over time, to determine changes in soil health that are affected by land management. A Soil Health Card displays soil health indicators and associated descriptive terms. The scheme will monitor the soil of the farmers well and will give them a formatted report. So, they can decide well which crops they should cultivate and which ones they should skip. The authorities will monitor the soil on a regular basis. One in every 3 years, they will provide a report to farmers.^{xi}
Kisan Credit Card Scheme	<ul style="list-style-type: none"> The Kisan Credit Card scheme aims at providing adequate and timely credit support from the banking system under a single window with the flexible and simplified procedure to the farmers for their cultivation and other needs.
Sujalam Sufalam project	<ul style="list-style-type: none"> A 3.5 km tunnel 'Panam High-Level Irrigation Canal' is set to provide Irrigation Facilities to 18000 hectares land under cultivation of Shahera, Lunavada, and Santrampur villages will be a boon for the Panchmahal farmers. Under the Sujalam Sufalam scheme to make the best use of water flowing in the sea, the Rs.64 crore tunnel is first of its kind in the country as a Green Project in Global warming. The canal water would also feed water to 59 village ponds, and the canal water would also flow into the 3 rivers also. The Sujalam Sufalam project provides irrigation facilities to the villages, which were not covered under the Narmada waters.^{xii}
Farm School	<ul style="list-style-type: none"> The unique concept of a Farm school is conceptualized with the purpose of conducting 15-30 days or long sustaining farming courses extending up-to 3 months to train personnel seriously involved in farming on technical matters. On the engineering side training is provided to repair and maintain machineries like tractors, power tillers, spray machines and other handy tools applied in farming. Training is also provided on the usage of chemicals, sprays and other agronomical practices applying practical farming thoughts. Best professionals from the industry who are available on the panel train the trainers in the Farm School.
Mobile application for farmers	<ul style="list-style-type: none"> The portal and apps are designed to provide important information related to agriculture loans, new farming techniques, machinery, and market prices of produces, soil testing and availability of seeds, pesticides, and fertilisers.
ATMA Project	<ul style="list-style-type: none"> Agriculture technology management agency (ATMA) is a registered society at the district level, which works with different agriculture-related institutions for sustainable agriculture development. The main objective of this scheme is to coordinate the various research and extension activities at the district level. It is also responsible for decentralization of public agriculture technology system.
Krushi Mahotsav	<ul style="list-style-type: none"> Every Year Gujarat Government is organizing Krushi Mahostav for farmers of Gujarat in various districts. The Knowledge regarding various scientific methods of Production, new innovative agriculture tools, Organic Farming is provided to farmers by Experts and scientists from different countries. Information about available credit facility is also provided to farmers by Banks. Information and guidance on topics such as soil health; crop rotation; organic farming; use of fertilizers and pesticides; irrigation; and marketing is imparted to the farmers.
E-National Agricultural Market facilities	<ul style="list-style-type: none"> In this facility online auction will be made available in additional 60 APMCs which will connect 100 APMCs (Agricultural Produce Market Committee) and bring a big number of buyers and sellers on this platform and ensure reasonable sale price of farmers.^{xiii}
I-Kedut portal	<ul style="list-style-type: none"> Online portal for farmers where all the information relating to agriculture production, techniques and marketing are available. Online credit facilities are also available to farmers.

1.7 Agriculture schemes of other countries

Agricultural credit is regarded as an important instrument of economic policy in most market-oriented developing countries. Credit is used in efforts to stimulate development in a direction considered desirable on economic and social grounds. Every country has to design the agriculture development Scheme and programme as per the requirements of the sector.

No.	Name of country	Name of Scheme	Details
1	Bangladesh	Index-based insurance Scheme	A different category of insurances are index based. These make payments based not on measures of farm yields or revenues, but rather on indexes, measured by government agencies or other third parties. When the index falls below (e.g. in the case of drought) or above (e.g. in the case of a flood) a certain threshold, insured farmers automatically receive a payment, eliminating the need to estimate their potential yield losses. These cost reductions make it possible to offer insurance to smallholder farmers. Unlike most insurances that require risks to be unlinked or independent, index insurances work best for the individual farmer when risks are linked. ^{xv}
2	Ireland	Farm Improvement Plan	It is Knowledge Transfer measure under the Rural Development Programme by Ireland Government. The scheme is designed in such a way as to ensure the farmer and advisor engage in one to one discussion on key aspects of a farmers' business such as profitability, environmental sustainability, and breeding and herd health. In this regard, each approved advisor must prepare for and hold a minimum of 5 Knowledge Exchange meetings and oversee the preparation and submission of a FIP for each participating farmer. Advisors will also be responsible for confirming the completion of scheme requirements by participating farmers. Participating farmers will be paid a total of 750 annually for each of the three years they successfully complete. The payment to the advisor will be 500 per farmer per year – paid directly by DAFM to individual advisors. ^{xv}
3	Kazakhstan	Agricultural Leasing Scheme	These financial leases are promoted by banks' special leasing departments in collaboration with the equipment suppliers, who offer the equipment at a discount. For farmers, access to equipment on reasonable terms, and with no or little collateral, is an attractive proposition. Other pre-conditions for effective leasing include the availability of insurance (fire, theft), and the quality of maintenance and after-sales services. It is also attractive for the equipment manufacturers, as leasing helps them develop new markets, and reduces the need to provide (risky) supplier credit to farmers. ^{xvi}

4	Australia	Young farmer finance schemes in Australia	This is available to people 40 years of age or under and provides three loan facilities with an interest rate concession to Purchase stock & equipment, to Purchase land and for the commercial Farming. ^{xvii}
5	Bangladesh	Safe save's flexible Saving	It was designed to serve people at the lowest income level. Its operation relies on local collectors who visit their individual clients every day to collect savings and/or repayment of loans and to make withdrawals. Balances which build up over the long term are rewarded with interest at 10% a year, payable after five years. ^{xviii}
6	Nigeria	Incentive-based Risk sharing system	The program has two facilities, a Risk Sharing Facility and an Insurance Facility, which aims to de-risk lending to the agricultural value chain through partial guarantees and insurance products. Secondly, a Technical Assistance Facility educates farmers and builds the capacity of banks and microfinance institutions to lend sustainably in agriculture. NIRSAL also established two facilities to incentivize bank lending including the Bank Incentives Mechanism which gives cash awards for effective agricultural lending and related social impact. The Holistic Bank Rating Mechanism rates banks on agricultural lending practices and will publicize the ratings. ^{xx}
7	East Africa	The Coffee Initiative for East Africa	The Coffee Initiative employed a three-prong approach. First, the Initiative established a "farm college" educating farmers on agronomic practices to increase their yields. Secondly, the Initiative provided business support to farmer cooperatives, allowing them to upgrade machinery and establish rural coffee processing stations known as wet mills which improve the quality and price of coffee. Lastly, the Initiative strengthened value chain connections, giving cooperatives access to credit from local private coffee exporters known as "coffee service providers" (CSPs). By creating market linkages between value chain segments, the initiative improved the market's efficiency and sustainably raised farmer incomes. ^{xx}
8	Bangladesh	Linking agricultural production loans with traders' services	Rural traders who supply agricultural inputs, grocery stores and firms processing agricultural inputs are the most important providers of credit in rural areas, with the possible exception of moneylenders in some countries. Their financing services are usually related to their trading business, and loans are given mostly to well-known clients. Loans by these providers are often provided in kind, in the form of agricultural inputs, and they are repaid with the debtor's produce ^{xxi}

1.8 Finding & Conclusion

Agriculture is an important element for the growth of the country and Agriculture credit is one of the inseparable components for the development of the agriculture. The government has taken various steps to enhance the sources for the agriculture finance. Various types of loans are provided at a subsidised rate for the higher growth of the sector. Understanding the need of the sector various policies have been reformed by the Indian government. Various countries have different credit policies and plan according to the requirement of those countries. New and innovative agriculture credit policy is always the demand of the sector. The above different schemes of various countries can be a useful for adding the value to Indian agriculture, shaping the future agriculture policy of the country and for the advancement of the sector.

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