



AGRICULTURAL FINANCE AND CREDIT IN INDIA



Notes

Agricultural credit and finance are the crucial components of the agricultural sector. Agriculture is an unpredictable industry where production relies on various factors, such as, weather, pests, diseases, and market fluctuations, among others. The high cost of inputs, such as, seeds, fertilizers, machinery, and labour require adequate financing. This is where financial institutions play a crucial role by offering a range of financial products and services, including loans, lines of credit, and insurance. Financial institutions help farmers in managing risks and increase productivity by providing the necessary capital to invest on their farms and improve efficiency of operations. Insurance also protects farmers against crop failures, natural disasters, and other unforeseen events. Financial product is the backbone for agricultural growth as it helps in the acquisition of inputs. Purchase of capital assets like, machinery and implements, development of infrastructure for irrigation, etc. depend on the flow of credit in agriculture. These credits are normally financed by financial institutions but in some cases the credit is also financed by non institutional sources, such as, professional money lenders, friends and families etc. Over the year, the share of credit by institutional agencies has been increasing sharply. This may be due to easy accessibility and simple lending process. Therefore, institutional credit system has reduced the burden of high rate of interest which used to be charged by private money lenders.



LEARNING OUTCOMES

After studying this lesson, the learner:

- recalls the necessity of timely availability of credit in agriculture;
- identifies the various public and private agencies working in the field of agriculture finance;

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- differentiates between a cooperative bank and commercial bank and describes their role in agriculture finance;
- explains the concept of microfinance and how the model works in India; and
- assesses the significance of crop insurance and the Kisan Credit Card in supporting the farmers.

22.1 CREDIT AND FINANCE

Finance is an essential element required in any organization or business profession for its efficient operation. The process of financing includes activities, such as, lending, borrowing, and fund management. Agriculture is one of the largest livelihood providers in the country, requiring credit and other financial services. These services boost crop production, crop productivity and help farmers in times of distress, such as, droughts, floods, pests, diseases, and meeting their consumption needs. Credit is a crucial financial product because most farmers in India are small and marginal, with an average landholding less than 1.08 hectares (Agriculture Census 2015-16). These farmers, who hold 86.08% of total landholdings, often have poor or negligible savings and depend on credit to invest in inputs and technology. Additionally, crop insurance is necessary to mitigate the risks associated with agriculture¹.

The agriculture financing system in India consists of institutional sources and non-institutional sources. The institutional sources include commercial banks, credit co-operative banks, regional rural banks, microfinance institutions, and insurance companies working in the field of crop insurance. These institutions are under the purview of regulatory agencies such as Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD). Whereas non-institutional sources of financing include money lenders, traders, friends and family, etc. These non-institutional sources are not regulated by any regulatory agencies.

Before independence, credit to agriculture was financed mainly by non-institutional sources (Central Banking Enquiry Committee Report, 1929 and Report on Agricultural Indebtedness, 1935). According to NSSO 77th round survey on agricultural households, out of total loan outstanding by the agricultural households, 69.6% loans were taken from the institutional sources among which the share of schedule commercial banks stood at 44.5%. The survey showed that loans were also taken from the agricultural and professional money lenders and the share of them in the total loan outstanding was 20.5%. This shows that today also non institutional sources of financing are present in India.



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Institutional Credit & Agriculture

In India, the institutional setup for providing credit in agriculture consists of commercial, cooperatives and regional rural banks, which are regulated by the apex bank of our country, i.e., the Reserve Bank of India (RBI), and the National Bank for Agriculture and Rural Development (NABARD). They also refinance the activities of the banks in several areas in the field of agriculture.

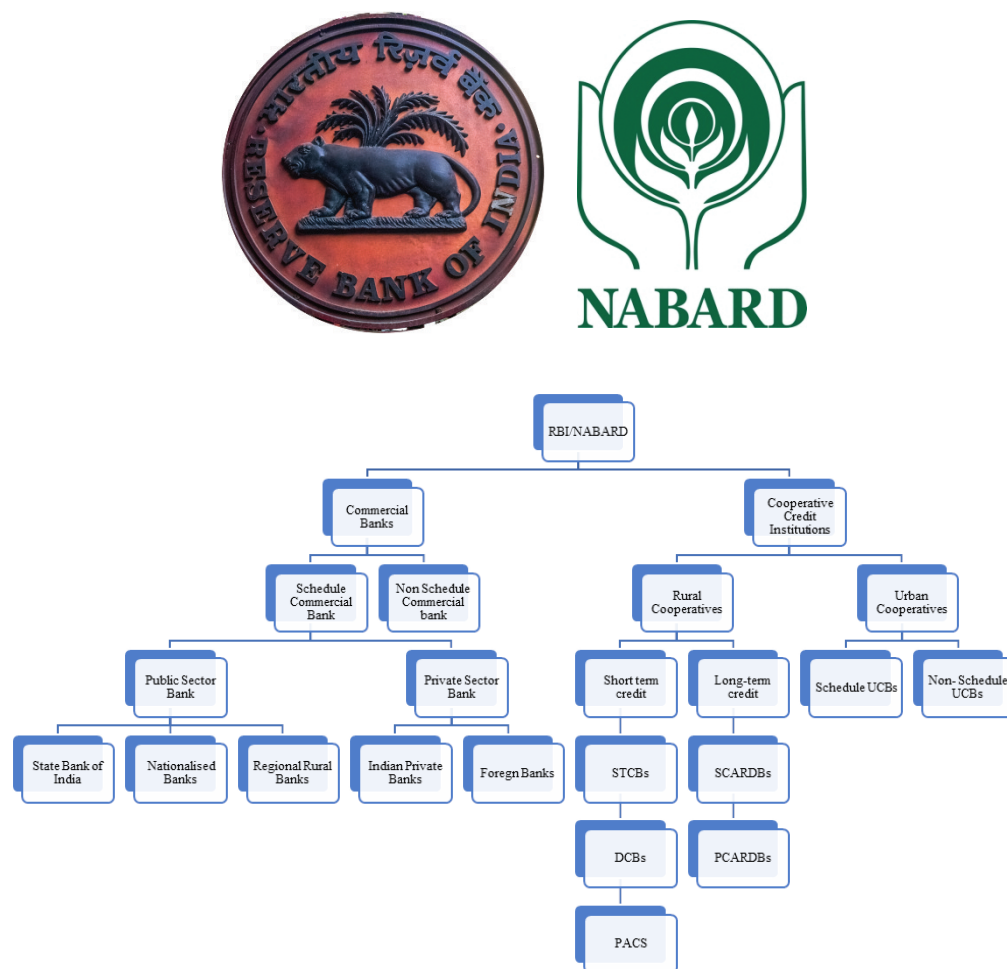


Fig. 22.1: Structure of banking industry in India (Source: RBI, 2007)²

22.2 COMMERCIAL BANKS

These are financial institutions that accept deposits from people and provide financial assistance to various individuals and corporations in the form of loans and advances. Besides that, they also perform several agency functions such as collection and payment of dividends, bills of exchange, interest, purchase and sale of securities, etc. These banks generally operate on a profit basis.

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Commercial banks are of two types mainly:

1. Schedule commercial bank
2. Non-schedule commercial bank

Both the above categories of the banks are regulated by Banking Regulation Act 1949. The schedule commercial banks are included in the Second Schedule of RBI. Scheduled bank are those banks which satisfy certain criteria as laid by RBI Act 1934 such as having paid up capital and reserve of not less than Rs. 5 lakhs, their activities should not be detrimental to the interest of its depositors and these banks also need to maintain certain average daily balance with RBI.

These banks could further be divided into five groups based on their ownership and operations. These include:

1. State Bank of India
2. Nationalised Public Sector Banks
3. Private Sector Banks
4. Foreign Banks
5. Regional Rural Banks

The structure of Indian banking has evolved regularly since independence. A number of policy initiatives and reforms have been made so that the banking industry could be able to support the development of the economy as a whole. Few major steps post-independence included:

- ✓ Nationalisation of Reserve Bank of India on 1st January 1949
- ✓ Enactment of Banking Regulation Act, which empowers the RBI to supervise and regulate the banking industry in India.
- ✓ In order to increase the flow of rural credit, the committee on All India Credit Survey Report had recommended to form State Bank of India by integrating Imperial Bank of India, 10 major state associated bank and certain small associated bank. Based on this the state bank of India was formulated in the year 1st July 1955.

Most countries in the world have their own central bank to regulate the banking and monetary structure, especially those that issue their own currency. In India, the Reserve Bank of India acts as the country's central bank.

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22.2.1 State Bank of India: Structure and functions

It is a multinational public sector bank of India with headquarter in Mumbai, Maharashtra. At present it is largest public sector bank in India. Origin of this bank dates back to pre-independence period in 1921 when Bank of Calcutta, Bank of Bombay and Bank of Madras were merged to form Imperial Bank of India. After independence, this Imperial Bank of India was renamed as State Bank of India in 1955. Before formation of Reserve Bank of India in 1935, it served as central bank of India.

22.2.2 Nationalised Public Sector Banks

Above initiatives set the ground for the development of banking industry in India, which could be able to support various sectors of the economy and could help the development of the Indian economy. To add to these, 14 largest commercial banks were nationalised during the year 1969 with a deposit of over ₹ 50 crores. These banks were nationalised so that they could give attention to the other priority sectors, such as, agriculture, and small scale industries etc. for the optimum growth of the economy and better utilisation of the resources. These banks include: -

- | | |
|-------------------------------|------------------------------|
| 1 Central Bank of India Ltd. | 2 Bank of India Ltd. |
| 3 Punjab National Bank Ltd. | 4 Bank of Baroda Ltd. |
| 5 United Commercial Bank Ltd. | 6 Canara Bank Ltd. |
| 7 United Bank of India Ltd. | 8 Dena Bank Ltd. |
| 9 Syndicate Bank Ltd. | 10 Union Bank of India Ltd. |
| 11 Allahabad Bank Ltd. | 12 India Bank Ltd. |
| 13 Bank of Maharashtra Ltd. | 14 Indian Overseas Bank Ltd. |

Further 6 more banks were nationalised in 1980 with a deposit liability of above or equivalent to ₹ 200 crores. These banks included Andhra Bank Ltd., Punjab and Sind Bank Ltd., New Bank of India Ltd., Vijaya Bank Ltd., Corporation Bank Ltd., and Oriental Bank of Commerce Ltd.

With nationalisation, 85 per cent of banking business comes under public control. The nationalisation of the commercial banks was done to involve them in developing the Indian economy and their resources could be channelized to rapid economic growth with social justice. These nationalised banks are also called public sector banks and

**Notes**

became utmost important player in providing different kind of credit and saving products to farmers. A number of initiatives had been taken to improve the financial health of public sector banks which includes mergers of banks after 1991 as per the recommendation of the Narasimham report. Today at present there are 12 major public sector banks (RBI, 2022).

Table 22.1: Details of Major Public Sector Banks and their merger

Sl. No.	Name of Public Sector Bank	Merged Public Sector Bank
1.	Bank of Baroda	Dena Bank and Vijaya Bank
2.	Bank of India	-
3.	Bank of Maharashtra	-
4.	Canara Bank of India	Syndicate Bank
5.	Central Bank of India	-
6.	Indian Bank	Allahabad Bank Ltd.
7.	Indian Overseas Bank	
8.	Punjab and Sind Bank	
9.	Punjab National Bank	New Bank of India Ltd., Oriental Bank of Commerce Ltd., and United Bank of India Ltd.
10.	State Bank of India	Merger of SBI with its associated bank
11.	UCO Bank (Formerly United Commercial Bank Ltd.)	-
12.	Union Bank of India	Andhra Bank Ltd., Corporation Bank Ltd.

22.2.3 Private Sector Banks

These are the banks whose major ownership is in the hand of private entities/corporations. These banks are granted license under banking regulation act to conduct banking operations. The report submitted by the committee on the financial system in 1991 under the chairmanship of Shri M. Narasimham Committee recommended the entry of private sector banks in the banking system of India. The committee proposed that there should be no bar to new banks in the private sector if they conform to the startup capital and other requirements. Based on these recommendations, 10 new banks were licensed by the RBI. Today we have a total of 21 scheduled commercial banks working in the private sector (RBI, 2022).

22.2.4 Foreign Bank

A foreign bank is a financial intermediary which operates outside its home country. These banks are required to comply the norms of both the native country and host country where they operate. Today as per the list of scheduled commercial banks, we have 44 foreign banks operating in the country.

22.2.5 Regional Rural Banks (RRBs)

Regional Rural Banks (RRBs) are also a kind of commercial bank, the banking commission in 1972 identifies that there is a need for a special type of banks to meet the credit need of people living in rural areas; as a result concept of rural bank had been emerged.

A working group was formed under the chairmanship of Shri M. Narasimhan in the year 1975 to provide recommendation on rural banks. The working group recommended the need for setting up a commercial bank which is sponsored by the state and are also regional based as well as rural oriented so that they are aware with the rural problems. These institutions are aimed at mobilising the regional resources available in the area in order to reduce the imbalances in the resources. The primary objective of these institution is to cater the credit need of farmers, labourers, small traders, artisans, and other weaker sections of the society for productive purpose mainly.

As a result, the first five Regional Rural Banks (RRBs) were formed in the year 1975 in Uttar Pradesh, Rajasthan, Haryana and West Bengal. These banks were incorporated under the Regional Rural Bank Act (1976). Their ownership is held by the central government, state government and the sponsor bank in the proportion of 50:15:15,



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respectively. Currently we have 43 RRBs operating in India in different regions as per the list of scheduled Commercial Banks available with RBI.

**ACTIVITY 1**

Identify the Regional Rural Banks (RRB) present in your area.

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22.2.6 Small Finance Bank

On November 27, 2014, RBI issued guidelines for licensing of *small finance banks* in private sector. These banks were registered as a public limited company and granted license under the Banking Regulation Act. These banks were formed with the following objectives:

- ✓ Provision of saving for unserved and underprivileged sectors of the society
- ✓ Help in providing credit to small businesses, micro, small and medium enterprises, small and marginal farmers and other unorganised sectors through the utilisation of high technology which could result into low cost of operation.

Hence, the scope of small finance banks is to serve a niche segment of customers as per the above objectives. There are 11 small finance banks in India at present.

22.2.7 Payments Banks

Payment banks are also granted license by RBI on the recommendation of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Groups formed under the chairmanship of Dr. Nachiket Mor. Payment banks were formed with the objectives of providing small savings accounts, payment and remittance facilities to migrant labours, low income households, small businesses, and other unorganised entities. These banks provide high volume low value transactions for deposits and remittance purpose. These banks were hence restricted to the acceptance of deposits and remittance services with a low value of transactions. At present there are four schedule payment banks in India. These include India Post Payment Bank

Limited, Fino Payments Bank Limited, Paytm Payments Bank Limited, Airtel Payments Bank Limited.

Note: - list of schedule commercial banks are available at the website of Reserve Bank of India (https://rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657)



INTEXT QUESTIONS 22.1

1. Name the various types of commercial banks exists in India.
2. The bank which acts as central bank of India
 - a. Regional Rural Banks
 - b. State Bank of India
 - c. Reserve Bank of India
 - d. Indian Bank
3. Which bank caters the credit need of people living in rural areas?
4. How many regional rural banks are functioning in India?



ACTIVITY 2

Can you name two foreign banks and private sector banks in India?

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22.3 COOPERATIVE CREDIT STRUCTURE

The current cooperative structure of the country can be broadly divided into two parts: rural cooperative credit structure and urban cooperative structure.

A. Rural Cooperative Structure:

The *Rural cooperative structure* consists of the short-term and long-term credit structure.



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The short-term credit structure provides short-term credit requirements of farmers at the grassroot level. It includes

- i. **State Central Cooperative Banks (StCBs):** These act as coordinating and regulatory agency between PACS and DCBs, and also act as a link between NABARD, RBI, and the money market. These banks are the custodian of the surplus funds and also receive financial assistance from NABARD and RBI from time to time. They also frame policies related to the organizational matters of PACS and DCBs. They are the apex institutes in this three-tier short-term credit structure.
- ii. **District Central Cooperative Banks (DCCBs):** The DCBs are affiliated with the SCBs and act as intermediary agencies. They mobilize funds from SCBs to PACS. It is a federation of all the PACS functioning under one district. They provide assistance to PACS and also help them in smooth functioning. They also conduct general banking business through their branches for members and non-members.
- iii. **Primary Agriculture Credit Societies (PACs):** These organizations are organized at the village level to deal directly with individual borrowers. They provide short-, medium-, and long-term loans. Over the years, PACS activities have evolved and now include not only general banking functions but also functions such as input distribution, agro-processing, and storage and warehousing.

The long-term credit structure comprises of a two-tier system

- i. The State Cooperative Agricultural and Rural Development Banks (SCARDBs) at the apex level
- ii. Primary Cooperative Agricultural and Rural Development Banks (PACARDBs) at the grassroot level.

Different states follow different systems under the long-term credit structure. Some states follow the unitary system, where SCARDBs operate at the state level and have various branches that serve at the grassroots level. On the other hand, some states follow the Federal system, where SCARDBs are at the state level, and at the grassroot level, we have PACARDBs. The SCARDBs provide long-term credit to their members for investment in farm and non-farm activities.



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B. Urban Cooperative Structure:

While the urban cooperative structure consists of urban cooperative banks (UCBs), which are primary cooperative banks serving urban and semi-urban areas, providing general banking facilities in those regions. UCBs are registered under the provisions of the State Cooperative Societies Act or the Multi-State Cooperative Societies Act. The banking functions of SCBs, DCBs, and UCBs are regulated by the Reserve Bank of India according to the provisions of the Banking Regulation Act 1949.

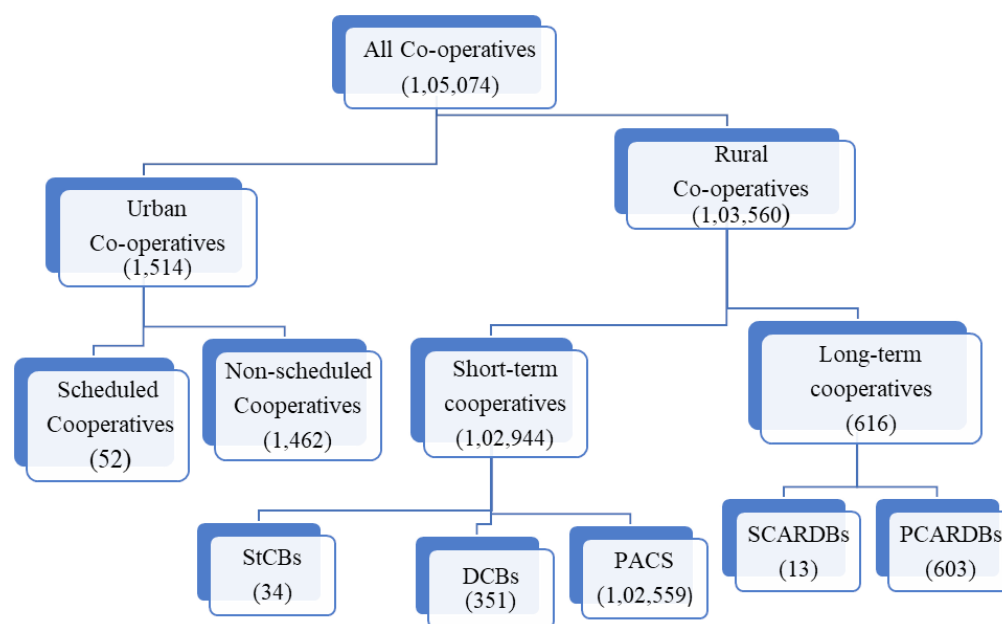


Figure 22.2: Structure of Cooperative in India (Source: RBI, 2022)³



INTEXT QUESTIONS 22.2

1. Which of the following cooperative credit structure is found at village level only?
 - a. Primary Agriculture Credit Societies
 - b. District Central Cooperative Banks
 - c. State Central Cooperative Banks
 - d. State Bank of India



Notes

2. PACARDB provides short term credit in rural areas (True/False).
3. Which cooperative bank does provide banking facilities in urban and semi-urban areas?

22.4 MAJOR TYPES OF INSTITUTIONAL CREDIT

The total credit requirements of farmers in India could be broadly classified into short-term, medium-term and long-term, based on the purpose and duration of requirements.

- A. **Short Term Credit:** It is granted for period of less than 15 months. The short-term credit mainly serves the purpose of farmers such as purchase of seeds, fertilizers, pesticides, and payment of wages to labourers, etc.
- B. **Medium Term Credit:** This is required normally for the purchase of implements and machinery, and cattle, etc. The duration of such loans is between a period of 15 months to 5 years.
- C. **Long Term Credit:** Long term credit need is required by the farmers for purchase of additional lands, and infrastructure improvements in the farms, etc. The duration of such loans is more than 5 years.

Before lending the credits to the farmers, banks make the assessment of repaying capacity and accordingly the amount of credit is decided.

The types of credit provided by these financial institutions to the farmers consist namely of followings:

- i. **Crop Loans:** It is a short-term loan given to farmers to meet their seasonal agricultural operations. The general duration of crop loans ranges from 6 to 18 months.
- ii. **Term Loans:** Loans provided for more than 18 months are called term loans. The main purpose of term loans is to purchase equipment, land, and other investments that support long-term production. Term loans can be categorized into two types:
 - ❖ Medium term loans that are repayable within 2-7 years
 - ❖ Long term loans that are repayable within 7-15 years

In India these credits are provided mainly through the commercial banks, regional rural banks and cooperatives.

Table 22.2: Percentage share of financial institutions in agriculture credit in India (Source: RBI, 2022)

Year	Cooperatives Banks	Regional Rural Banks	Commercial Banks
2015-16	16.7	13.0	70.2
2016-17	13.4	11.6	75.0
2017-18	12.9	12.1	74.9
2018-19	12.1	11.9	76.0
2019-20	11.3	11.9	76.8
2020-21	12.1	12.1	75.8
2021-22	13.0	11.1	76.0

*Notes***INTEXT QUESTIONS 22.3**

- The medium term credit is granted for maximum period of
 - 10 years
 - 5 years
 - 15 years
 - 20 years
- Which type of credit is required for purchase of seeds, fertilizer or pesticides?
- Crop loan is a type of long term loan (True/False).
- Agricultural land or machineries are purchased by the term loans (True/False).

22.5 MICRO FINANCE IN INDIA

Microfinance is the provision of small loans to the poor and vulnerable sections of society. It is a mechanism that ensures that the poor and vulnerable sections receive financial services such as thrift, credit, etc. in small amounts to meet their financial



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product requirements and enable them to increase their income levels and improve their living standards. The concept of modern microfinance was institutionalized by Muhammad Yunus in Bangladesh, who developed a successful model for delivering small loans to rural people through the Grameen Bank.

The emergence of this concept can be traced back to the 16th century when loan funds emerged in Ireland in 1720 to serve the poor. The funds were mainly utilized for lending to traders with poor financial conditions. The loans were interest-free and without collateral. The amount of the loan was small, typically five or ten pounds, and had to be repaid weekly. These funds were seen as an effective tool to alleviate poverty and an excellent example of sustainable microfinance. Several initiatives have been taken by apex authorities to uplift the microfinance movement in India, including the introduction of the self-help group (SHG) bank linkage program and the establishment of microfinance institutions in India.

Generally seven and more people having common interest and goal with mutual understanding can form the self-help group. The members may have equal representation of genders and may involve all communities without any religion bias. The SHG bank linkage approach is based on the savings of group members, usually consisting of 10-20 people from a homogeneous class, who can obtain bank loans. Savings act as partial collateral, and the joint liability characteristic of the group members for the loan ensures timely repayment. The SHG Bank Linkage Programme was introduced in 1992 as a pilot project by NABARD, which aimed to link 500 SHGs to banks. The program was a huge success and emerged as the most popular microfinance model in India. According to NABARD's Annual Report (2022), in 1996, 4,750 SHGs were credit-linked to a bank loan of ₹ 6.06 crore. This number increased to 33.98 lakh SHGs with a credit-linked to ₹ 99729.22 crore and 118.93 lakh SHGs with a deposit of ₹ 47240.48 crore by the year ending March 2022.

The SHG approach helps to build social capital that provides financial services, such as, savings and credit products to the most vulnerable section of society, who were previously not seen as a profitable venture by traditional financial intermediaries due to their income level. The formation of SHGs is based on the concept of “saving first and credit later.” This model has led to the building of significant social capital in rural areas and mobilization of savings. It is worth noting that approximately 80% of these groups are exclusively women's groups. The provision of credit enables individuals and businesses to generate livelihood opportunities, thereby increasing income levels and alleviating poverty. Therefore, to reduce poverty and foster overall economic growth, it is necessary to expand and deepen the coverage of this microfinance movement in India.

**INTEXT QUESTIONS 22.4**

1. Concept of microfinance originated in
 - a. India
 - b. New Zealand
 - c. Netherland
 - d. Ireland
2. Who introduced the concept of modern micro finance?
3. Initiatives to improve microfinance in India are and

*Notes***22.6 CROP INSURANCE**

Crop insurance is a type of insurance that farmers can purchase to protect themselves from losses that may occur to their crops due to natural disasters, such as, floods, droughts, or other unforeseen perils beyond their control. Therefore crop/livestock insurance acts as protection shield for client (farmers) against adverse situations which may be natural or man-made disasters. The Government of India (GOI) runs four major crop insurance schemes, including:

- **Pradhan Mantri Fasal Bima Yojna (PMFBY):** It provides protection to the farmers against financial losses arising from crop failure due to natural calamities such as drought, flood, natural fire, lightning, pest and diseases, etc. It mainly covers food crops like, cereals, millets and pulses, oilseeds, and annual commercial or horticultural crops as notified by the government.
- **Weather Based Crop Insurance schemes:** It is a kind of insurance which aims to protect the farmers from the losses in the crop production/yield arising because of adverse climatic conditions such as rainfall, temperature, and humidity etc. It covers food crops, oilseeds and horticultural or commercial crops as notified by the government.
- **Coconut Palm Insurance Scheme:** This scheme was launched to provide protection to palm growers against the risks arising due to the failure of palms due to pest diseases, climatic changes, and natural disasters.
- **Unified Package Insurance Scheme:** It is a comprehensive scheme that includes not just one insurance policy, but a bouquet of several insurances that

**Notes**

may be needed by farmers to safeguard them from financial losses. It covers a total of seven sections. The sections covered under the scheme include:

- ❖ Crop insurance
- ❖ Personal accident insurance
- ❖ Life insurance
- ❖ Building and contents insurance (Fire and allied hazards)
- ❖ Agriculture pump set insurance
- ❖ Student safety insurance and
- ❖ Agriculture tractor insurance

Among these, crop insurance is a mandatory section that farmers must choose. However, farmers need to select at least two other sections from the remaining six in order to qualify for the applicable subsidy under the crop insurance section. Further animal insurance schemes are also being implemented in India wherein cows, buffalos and other small animals are insured. There are government guidelines for smooth implementation of livestock insurance schemes in the country.

22.7 KISAN CREDIT CARD

The introduction of Kisan Credit Card (KCC) scheme was done in the year 1998. The main aim to issue KCC is to provide credit to the farmers timely and hassle free under a single window system. KCC is short-term credit along with a component of long-term credit which aims to meet the following requirements of the farmers:

- Short-term credit requirement to meet the cultivation cost and maintenance cost
- Post-harvest expense
- Marketing loan for the produce
- To meet the consumption requirement
- Long-term investment need for agriculture and allied activities

The repayment period is generally fixed by banks based on the anticipated harvesting and marketing periods required for the crops for which the loan has been granted. The term loans are typically repayable within a period of 5 years. The financial institutions that introduce KCCs include public and private sector banks, RRBs, and cooperative banks.

**INTEXT QUESTIONS 22.5**

1. A farmer can reduce his loss due to natural disaster by purchasing
2. Give two examples of crop insurance scheme run by Government of India.
3. Kisan Credit Card was introduced in
 - a. 1994
 - b. 1998
 - c. 2000
 - d. 2004
4. What was the main purpose behind the introduction of Kisan Credit Card (KCC)?

*Notes***WHAT YOU HAVE LEARNT**

- The term finance means activities, such as, lending, borrowing and management of funds.
- The agriculture financing system in India consists of financial institution namely commercial banks, credit co-operatives banks, regional rural banks, microfinance institutions, insurance companies working in the field of crop insurance.
- Commercial banks are the financial institutions that accept the deposits from the people and provide financial assistance to various individuals and corporations in the form of loans and advances.
- The current cooperative credit structure of the country can be broadly divided into two parts: rural cooperative credit structure and urban cooperative structure.
- Micro finance is the provision of small loan to vulnerable and poor section of the society.
- The main aim to issue KCC is to provide timely and hassle free credit to the farmers under a single window system.



Notes



TERMINAL QUESTIONS

1. Define the structure of Indian banking system.
2. What is the reason behind nationalization of banks in India?
3. Differentiate between crop loan and term loan.
4. Why Crop insurance is important for farmers?
5. Explain the concept of
 - a. Micro Finance
 - b. Crop Insurance
 - c. Regional Rural Banks
 - d. Small finance and payment banks



ANSWERS TO INTEXT QUESTIONS

22.1

1. State Bank of India, Nationalized Public Sector Banks, Private Sector Banks, Foreign Banks, Regional Rural Banks
2. Reserve Bank of India (option c)
3. Regional Rural Bank
4. 43

22.2

1. Primary Agriculture Credit Societies (Option a)
2. False
3. Urban cooperative banks (UCBs)

22.3

1. 5 years (option b)
2. Short term credit
3. False
4. True



22.4

1. Ireland (option d)
2. Mohammad Younus
3. The self-help group-bank linkage program and the establishment of microfinance institutions

22.5

1. Crop insurance
2. Pradhan Mantri Fasal Bima Yojna (PMFBY) and • Weather Based Crop Insurance schemes
3. 1998 (option b)
4. To provide timely and hassle-free credit to the farmers through a single window system

GLOSSARY

Agricultural Cooperative: An agricultural cooperative in India is a voluntary association of individuals who work together in farming to achieve their common goals (e.g., agricultural production, marketing of agri-products etc).

Agricultural Credit: The quantity of investment money made available for agricultural output is known as agricultural credit.

Commercial Bank: Financial institutions that accept deposits from people and provide loans to various individuals and corporations in the form of loans and advances.

Finance: It is an essential element required in any organization or business profession for its efficient operation. The process of financing includes activities, such as, lending, borrowing, and fund management.

Microfinance: It is the provision of supplying small loans to the poor and vulnerable sections of society.

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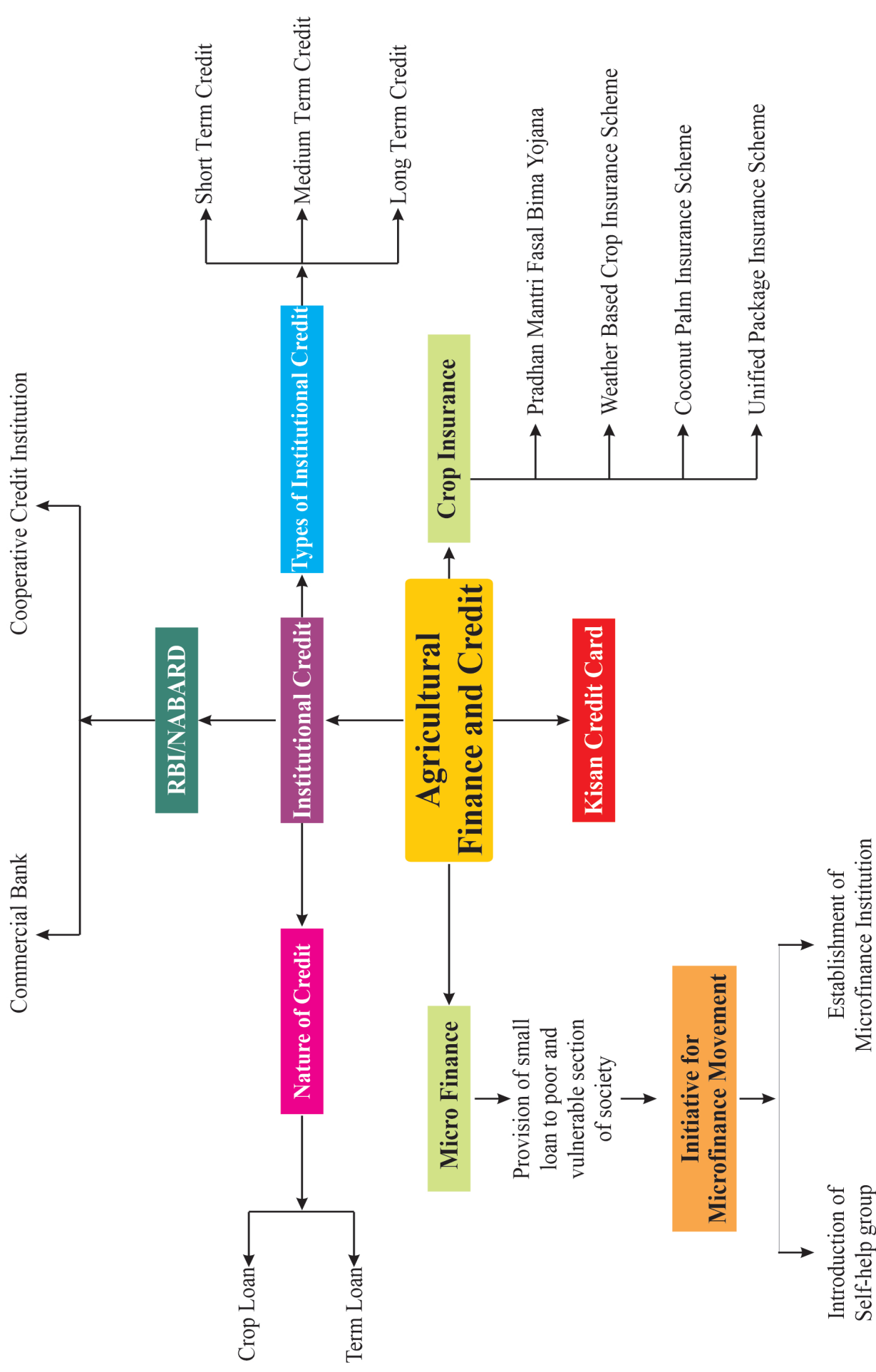
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3. Reserve Bank of India (2022). *Report on trend and progress of banking in India 2021-22*.

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WHAT YOU HAVE LEARNT



MODULE - 6

Enterprises in Agriculture

- 23. Entrepreneurship: Nature, Types and Levels
- 24. Importance of Self-help Groups in Agriculture and Village Economy
- 25. Career Opportunities in Agriculture Sector