

A Brief Note on Agricultural Credit During Post-Independence Period in India

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Abstract

The Indian agriculture and allied sector broadly covers four activities, namely crop, livestock, forestry and fisheries. To stimulate the productivity of these activities, the Government of India (GoI) succeeded through policy pressures from time to time, leading to various agricultural revolutions, namely the Green Revolution in cereal production (late 1960s-early 1980s), the White Revolution in milk production (early 1970s). Focused on increasing fisheries production and productivity (1973-2002). As a result, the agriculture sector not only became self-sufficient but also emerged as a net exporter of many agricultural commodities like rice, seafood, cotton, etc. However, there are many problems related to availability of credit for this sector. Hence, an attempt has been made in this paper to examine the nature of agricultural credit in India during the post-independence period. We have largely used secondary data for this analysis.

The agricultural credit policies formulated and implemented in India are mainly targeted ground level credit, interest subvention scheme and priority sector credit guidelines through provision of credit through regulatory guidance. These policies along with other policy interventions at the government and RBI level have yielded commendable results in the agricultural credit sector. Realizing the importance of institutional credit in promoting growth and development of the agricultural sector, the All India Rural Credit Survey Committee (AIRCSC, 1951-54) laid the foundation for the institutional framework to establish a sound credit delivery system for financing agriculture and allied activities. Till the late 1960s, the cooperative structure assumed the responsibility of providing production credit to farmers. With a view to imposing social control, commercial banks were nationalized in 1969 and 1980. Further, in 1976, RRBs were set up as alternative agencies for providing rural credit. These developments brought about a significant change in the flow of institutional credit to the agricultural sector. Consequently, the credit requirements of farmers were largely met by formal institutional sources. Gradually the country has shifted towards a multi-agency approach to meet the credit needs of farmers. The introduction of KCC has given a major boost to agricultural credit and has brought about a sea change in improving the accessibility of credit to the farming community. However, there are some regional disparities in credit distribution which need to be addressed immediately.

Introduction :

Agricultural credit plays a vital role in the development of the agricultural sector and enables adoption of new technologies. The agricultural credit policies designed and implemented in India are mainly targeted ground level credit, interest subvention scheme and priority sector lending guidelines through provision of loans through regulatory guidance. These policies along with other policy interventions at Government and RBI level have yielded commendable results in the agricultural credit sector. However, the agricultural sector still faces challenges such as lack of capital formation, regional disparity, dependence of farmers, especially small and marginal farmers, tenant farmers, landless labourers and non-institutional sources of credit on shareholders, non-remuneration of agricultural produce, farmers' hardship and farm loan waiver. In this regard, an attempt has been made in this paper to examine the nature of agricultural credit in post-independence India. We have mostly used secondary data for this analysis.

Types of Agricultural Loans in India:

Agriculture is the backbone of Indian economy and it definitely comes as no surprise to see financial institutions offer monetary aid to farmers all across the country. Agricultural loans are available for different kinds of farming-related activities. One can avail a loan for the following activities related to agriculture: Running day to day operations; Buying farm machinery such as tractors, harvesters, etc; Purchasing land Storage purposes; Product marketing loans and Expansion.

Moreover, these financial aids can be offered in form of grants and subsidies too, which are usually meant to protect the farmer in an event of crop damage or loss of crops. Agricultural loans in India are not only offered to farmers working towards the cultivation of food crops, but they are available to anyone who is engaged in other agriculture-related sectors like horticulture, aquaculture, animal husbandry, silk farming, apiculture and floriculture. The NABARD has also helped greatly in developing a couple of other schemes, targeting specific sectors. A few of them are listed below:

- **Dairy Entrepreneurship Development Scheme:** This scheme is meant to promote the dairy sector, specifically by setting up modernized dairy farms, promoting calf rearing, provide infrastructure, upgrading logistical operations to improve the product on a commercial scale, and generate self-employment.
- **Rural Godowns:** The main objective of this scheme is to help farmers throughout the country by providing them with godowns. This will, in turn, improve their holding capacity drastically and as a result, they will be able to sell their produce at fair rates, rather than selling them under distress. In addition to this, with a nationalised warehouse system in place, the marketing of agricultural produce becomes simpler.
- **Loan Against Warehouse Receipts:** Warehouse receipt financing serves as a foolproof way to prevent distress sales. When a farmer needs funds, post-harvest, all he has to do is store his produce in a Warehousing Development and Regulatory Authority (WDRA) accredited warehouse, which in turn issues him a receipt. This warehouse receipt mentions important details like quality and quantity of the produce, and can be used to get credit from banks, up to 70 percent of the collateral value.
- **Solar Schemes:** These schemes were implemented in order to reduce dependence on grid power by promoting the use of solar equipment. The idea here is to replace diesel pumps with solar ones, considering that they have low operating costs and are environment-friendly.

The official website of NABARD can be visited for more details on these schemes, along with the information on how to apply for them. Since many of these are subsidy based schemes, your bank will adjust your loan repayments against the corresponding subsidy you are entitled to, through the funds released by NABARD.

Evolution of Agricultural Finance in India and Policy Milestones

The institutional framework of agricultural finance was shaped by the overarching demands of the nation. The evolution of agricultural credit policies and milestones can be broadly categorised into three distinctive phases.

Phase 1 (1951 – 1969):

The Government of India initiated the first five-year plan in 1951 with the thrust on developing the primary sector. The National Credit Council in a meeting held in July 1968 emphasised that commercial banks should increase their involvement in the financing of priority sectors, viz., agriculture and small-scale industries, sectors deemed as 'national priority'. In 1969, when the first phase of nationalization of banks took place, there were 6955 public sector bank branches and the average population per branch office was

64,000. To boost rural development, the Reserve Bank of India had then prescribed 1:3 ratio for opening of branches in urban and rural/semi-urban centres.

Phase 2 (1970-1990):

The channel for institutional credit to agriculture during the first two decades of independence was the cooperative sector. With the nationalisation of commercial banks in 1969, the decade of 1970s marked the entry of commercial banks into agricultural credit. This period saw the introduction of the Lead Bank Scheme and regulatory prescription of Priority Sector Lending – two landmark development policies that have not only survived till date but have also served as the fuel for channelling agricultural credit and rural development. The Regional Rural Bank Act, 1976 was enacted to provide sufficient banking and credit facility for agriculture and other rural sectors. The National Bank for Agriculture and Rural Development (NABARD) came into existence in 1982, with the enactment of NABARD Act 1981, to promote agriculture and rural development. NABARD, in 1992 introduced the Self-Help Group (SHG) model to further financial inclusion of the excluded segments. In 1989, the Reserve Bank introduced the service area approach (SAA) and Annual Credit Plan (ACP) system as tools for reaching out to the rural areas.

Phase 3 (1991 onwards):

The economic reforms of the 1990s, started with the implementation of the first Narasimham Committee Report of 1991, emphasising financial soundness and operational efficiency of the financial sector – including that of rural financial institutions. The Reserve Bank of India gradually deregulated the interest rate regime to aid improvement in the operational efficiency of banks. The first major nationwide farm loan waiver was announced in 1990 and the cost to the national exchequer was around ₹100 billion. During 1992-93, NABARD started the pilot project on SHG-Bank Linkage programme - a partnership model involving SHGs, banks and NGOs. In the initial years, the scheme progressed slowly but picked up gradually.

Pursuant to the 1995 Union Budget announcement, GoI established the Rural Infrastructure Development Fund (RIDF) with NABARD. RIDF was mainly meant for funding of rural infrastructure projects which in turn were supposed to deepen the credit absorption capacity in a state by giving loans to state governments and state-owned corporations. Scheduled commercial banks contribute to the corpus of the fund to the extent of their shortfall in achieving the priority sector lending target. The Kisan Credit Card (KCC) was introduced as a financial product in 1998 to provide hassle free credit to farmers.

The Union Government introduced the Ground Level Credit (GLC) policy in year 2003-04. Under this policy, GoI announces GLC targets for agriculture and allied sector in the Union budget every year which banks are required to achieve during the financial year. These targets are set region-wise, agency-wise (SCBs, RRBs & Cooperative banks) and loan category wise (crop and term loan). Another policy initiative, introduced in 2004–2005, was to double the volume of credit to agriculture over a period of three years and expand the reach of formal finance. The year 2006 saw a host of developments. Pursuant to the budget announcement for 2006-07, the Union Government introduced the interest subvention scheme (ISS) for short term crop loans to enable farmers to avail farm credit at reduced interest rates. The Business Correspondents (BCs) and Business Facilitators (BFs) were rolled out for the first time by the Reserve Bank of India to further the cause of financial inclusion. NABARD introduced the Joint Liability Group (JLG) model, an extension of the earlier SHG model for reaching out to tenant farmers and share-croppers with access to credit.

Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 announced by the Union Government involved waiving institutional debt for small farmers and a one-time settlement opportunity with 25 per cent rebate to other farmers. This massive write-off of agricultural loans involving ₹525.16⁶ billion was envisaged to provide relief to the persistent problem of farmers' indebtedness and alleviate the financial pressure faced by the farmers. In 2009-10, the Government introduced the prompt repayment incentive (PRI) of 3 per cent under the ISS to bring down the effective rate of interest to 4 per cent to those farmers who repaid their loans on or before the due date to inculcate repayment habits. In July 2012, the Priority Sector

Lending (PSL) guidelines were revised by the Reserve Bank to widen the eligible activities. Again in April 2015, the guidelines were revamped based on the recommendations of the Internal Working Group (IWG). In India, the disbursement of agricultural credit saw a consistent increase between 2015 and 2020, with actual credit flow regularly exceeding the government's annual targets. The annual disbursement figures, as reported by the National Bank for Agriculture and Rural Development (NABARD) and the Ministry of Finance, highlight this upward trend.

Trends in Agricultural Credit

The ratio of Agri-Credit outstanding to Agri-GDP jumped from 0.6 per cent in 1950-51 to 9.81 per cent in 1971-72. Post 1972, the ratio shows an upward trend upto 1987- 88 increasing to 21.76 per cent. The impressive achievement of agricultural credit against agricultural GDP during 1950s-1980s is on account of nationalisation of banks and introduction of RRBs which expanded the reach of formal credit in the country. However, the reverse trend in the ratio started from 1990-91 onwards and it fell to 13.34 per cent in 1998-99. Post 1999 the ratio increased steeply and reached upto 39.55 per cent in 2006-07, which indicates that introduction of KCC was a big booster for agricultural credit and brought about a sea change in improving the reach of credit to the farming community. Many of the other policy initiatives started in 2004-05 also played an important role. In later years, despite a fluctuating trend, it rose to 49.63 per cent in 2015-16 and 51.56 per cent in 2017-18. Initiatives were put in place to enhance credit flow to small and marginal farmers, with their share in total disbursement increasing from 41.51% in 2015–16 to 49.90% by 2018–19. For the period from 1999-2000 to 2019-20, compound annual growth rate (CAGR) of agriculture credit was 19.81 per cent. In 2015, the government launched the Vidya Lakshmi Portal to facilitate students' access to education loans. By March 2020, the eShakti project had digitized 6.54 lakh Self-Help Groups (SHGs), improving credit access through technology.

Institutional vis-à-vis Non-Institutional Agricultural Credit

In the 1950s, the rural agrarian credit needs were traditionally met from the non-institutional sources largely through the local money-lenders. While the rural farmers had easy access to finance for their immediate needs, the steep interest rates, coupled with high illiteracy levels and the subsequent lack of awareness put them into a spiralling debt trap leaving them at the mercy of the money-lender. The evolution of the institutional structure through various Government policy interventions changed the scenario, whereby institutional sources, primarily through commercial banks became the major source for rural credit.

According to AIDIS report, non-institutional sources were dominant in 1951, accounting for 90 per cent of the outstanding debt of cultivator households, but their share declined sharply to 37 per cent in 1981. After 1981, the rate of decline slowed down, and the share of non-institutional sources was 35 per cent in 1991. Thereafter a reversal of this pattern resulted in higher share of 39 per cent in 2002 which again dropped to 36 per cent in 2013. As per NAFIS Report 2016-17, the share of non-institutional credit in 2015 was 28 per cent. As against this, the share of institutional credit in agriculture increased from 10.2 per cent in 1951 to 63 per cent in 1981 and thereafter the share of institutional credit was hovering in the range of 63-65 per cent during 1981 to 2013. As per NAFIS, in 2015 the share of institutional credit was approximately 72 per cent. Further, NAFIS Report 2016-17 has revealed that agricultural households avail credit from sources other than banks such as NBFC/MFI, financial companies, financial corporations, provident fund, insurance, relatives, friends, moneylenders, landlords, etc.

Regional Disparity in Agricultural Credit

The IWG opined that disparity can be better brought out by analysing states individually instead of analysing region-wise. This is because in many cases, states within the same region are not very similar in various aspects relating to agricultural credit. Moreover, IWG suggested to combine all eight states (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura) under NE States as they have a miniscule share in the country's overall output as well as loans to agricultural and allied sector. Further, as most of the UTs are predominantly urban areas and do not have significant potential for agriculture and allied activities, it was decided to exclude UTs from the analysis related to regional disparity.

1. Agricultural Credit under Priority Sector Lending

Priority Sector Lending is a major policy intervention/initiative through which credit is directed to sectors of national priority. The objective of the PSL has been to ensure that vulnerable and weaker sections of the society get access to credit and that there is adequate flow of credit to employment intensive sectors like agriculture and MSME. At present, all Scheduled Commercial Banks are required to meet a target of 40 per cent of their Adjusted Net Bank Credit (ANBC) or credit equivalent of Off Balance Sheet Exposure, whichever is higher for Priority Sector Lending. RRBs and SFBs are required to meet a target of 75 per cent towards PSL. Besides the overall PSL targets, banks are required to achieve agriculture target of 18 per cent and a sub-target of 8 per cent of ANBC for small and marginal farmers. Under the revised PSL guidelines of 2015, direct and indirect agricultural lending has been dispensed with. The eligible activities include farm credit, agri-infrastructure and ancillary activities. As per the new guidelines, the approach of agriculture under priority sector is to focus on 'credit for agriculture' instead of 'credit in agriculture' in order to give impetus to financing of supply value chain in the sector. Though at the aggregate level banks have been able to achieve the overall PSL target of 40 per cent, so far they have failed to achieve the agriculture target of 18 per cent at system-wide level. However, public sector banks have achieved 18.12 per cent as against private sector banks' achievement of 16.30 per cent in 2018 - 19. Despite overall growth, the disbursement of agricultural credit remained skewed, with the Southern region receiving more than 40% of the credit flow in 2020-21, while the North-Eastern region received less than 2%.

2. Interest Subvention Scheme for Short term Crop Loans

The Union Government had introduced the interest subvention scheme (ISS) for short term crop loans in 2006-07. It has been continuing since then with minor modifications. Interest on short term crop loans up to ₹0.3 million are fixed at 9 per cent per annum by banks and made available to farmers at a reduced rate of 7 per cent per annum to farmers. The 2 per cent interest subvention is reimbursed to banks (through RBI and NABARD) based on the funds released by the government against their claims. Besides 2 per cent interest subvention, 3 per cent prompt repayment incentive (PRI), introduced in 2009-10, is given reducing the cost of loan to 4 per cent. To prevent distress sale of produce, the interest subvention benefit is extended for a period of up to six months (post-harvest) to small and marginal farmers having Kisan Credit Card (KCC) on loan against negotiable warehouse receipts issued on the produce stored in warehouses accredited with Warehousing Development Regulatory Authority (WDRA). The scheme also provides for 2 per cent interest subvention to farmers for the first year on loans restructured due to natural calamities. The ISS was meant for providing short term crop loans, i.e. production credit to farmers at a sub-vented rate of interest. However, it has resulted in skewed distribution of agricultural credit in favour of production credit against crop-related investment credit. As a result, the share of short term crop loan is on a consistent rise whereas the share of crop-related investment credit is on a decline. In 2019 it was observed that, The government's Interest Subvention Scheme offered credit at reduced interest rates, bringing the effective rate down to 4% for prompt loan repayment.

3. Kisan Credit Card

The Kisan Credit Card (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. Initiatives like the KCC saturation drive, which began in February 2020, expanded access to credit for eligible farmers, including those in animal husbandry and fisheries.

4. Improving KCC scheme - Scale of Finance

RBI guidelines on KCC scheme prescribe that the crop-wise Scale of Finance (SoF) as decided by District Level Technical Committee (DLTC) should be used to arrive at the short term limit for the crop loan. The guidelines on SoF are issued by NABARD. As per the guidelines, the district is the unit for determining the crop-wise scale of finance per unit of area because of different agro-climatic characteristics and separate SoF are to be fixed for irrigated and unirrigated areas. DCCBs are the convenors of DTLC and they play a major role in fixing the SoF. A short study was conducted to understand the effectiveness of the scale of finance and to ascertain whether it is realistic keeping in view the cost of cultivation and expected price to be realised. The study was carried out in states of Punjab, Haryana, Uttar Pradesh, Madhya Pradesh, Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Bihar, West Bengal and Assam. In each state, five districts with the highest credit off-take were selected and rural branches with significant crop loans were visited on random sample basis.

5. SHG-Bank Linkage Model

Self Help Group - Bank Linkage Programme (SHG-BLP) launched in 1992 was an innovation harnessing the synergy of flexibility of an informal system with the strength and affordability of a formal system. The SHG-BLP model has the following three main features are Acceptance of informal groups as clients of banks – both deposit and credit linkage; Introduction of collateral free lending and Permission to lend to groups without specification of purpose/activity/project. The Self-Help Group (SHG)-Bank Linkage Programme (SBLP) in India demonstrated significant growth in agricultural credit disbursement between 2015 and 2020. Total loans to SHGs increased dramatically, driven by growing participation from commercial, regional rural, and cooperative banks, with commercial banks accounting for the largest share of credit. According to a study using NABARD data, the total amount of loans disbursed to SHGs by banks nearly doubled during this period, increasing from roughly ₹37,287 crore in 2015–2016 to ₹77,659 crore in 2019–2020.

6. Joint Liability Groups

The Joint Liability Groups (JLG) scheme was initiated by NABARD in 2006 with the expectation of enhancing credit flow to share croppers/tenant farmers who do not have land rights. Disbursement of agricultural credit to Joint Liability Groups (JLGs) in India significantly increased between 2015 and 2020. It is observed that, the growth of JLGs during this period, reporting a compound annual growth rate (CAGR) of 60.73% for the quantum of JLG loans disbursed in India. The number of JLGs financed also saw a robust growth rate of 44.86%.

7. Farmer Producer Organisations (FPOs)

Small holders often suffer from poor access to quality inputs, institutional credit and other resources like storage, organised markets, modern farming technologies etc. making small holding-based agriculture unviable. There is an inherent weakness in a fragmented land holding model as on the one hand overheads on inputs and services purchased are very high, while on the other bargaining power in the marketplace for output remains limited by the very low levels of individual marketable surplus. This is resulting in higher

production cost and lower price realisation, threatening sustainability of farming as an economic activity. Fragmented land holding also restricts mechanisation and economies of scale in farm production. In February 2020, the government launched the Central Sector Scheme for the "Formation and Promotion of 10,000 Farmer Producer Organizations". While it falls just outside the 2015–20 window, its planning and budgetary considerations occurred during this time. The scheme's total outlay of ₹6,865 crore until 2027–28 was a major step to strengthen FPOs.

8. Priority Sector Lending Certificate

Priority Sector Lending Certificate (PSLC) instrument was introduced on the recommendations of the Internal Working Group (IWG) to review PSL in April 2016. The Reserve Bank provides the platform to enable trading in the certificates through its core banking solution portal (e-Kuber). All scheduled commercial banks (including RRBs), urban co-operative banks, small finance banks and local area banks are eligible to participate in trading. There are four kinds of PSLCs: Agriculture, Small and Marginal farmers (SMF), Micro Enterprises and General which can be bought and sold via the said platform. The total trading volume of PSLCs grew from ₹498 billion in 2016-17 to ₹1842 billion in 2017-18 and further to ₹3,274.3 billion in 2018-19 recording a Y-o-Y growth of 78 per cent in 2018-19 as compared to 2017-18. Among the four PSLC categories, the highest trading was recorded in the case of PSLC-General and PSLC-SMF, with the transaction volumes at ₹1,324.8 billion and ₹1,125.0 billion, respectively, in 2018-19.

Measures to Improve the Reach of Institutional Credit:

In order to bring the excluded agricultural households into the fold of institutional credit in a structured and sustainable manner, there is a need to build an enabling ecosystem with respect to policy interventions, institutional innovations and digital technologies. The enabling ecosystem would include digitisation of land records, reforming of land leasing framework, creating a national level agency to build consensus among states and the Centre with regard to agriculture-related policy reforms and innovative digital solutions to bridge the information gap between the banks and farmers.

i. Digitisation of Land Records

GoI started the Computerisation of Land Records Scheme to digitise all land records in 1988-89. Thereafter, in August 2008, the Digital India Land Record Modernisation Programme (DILRMP) was launched by Government of India, with the aim to minimise scope of land or property disputes and enhance transparency in the land records. Digitisation of land records has the potential to address various issues relating to agricultural credit, provided banks are given access to view land records online and/or they are given the facility to create charge online over land. This will help in reducing the instances of double or multiple financing on the same piece of land.

ii. Land Leasing Framework

Most states ban or restrict leasing of agricultural land leading to informal or concealed tenancy. Hence, there is a need to reform the land leasing framework by state governments by adopting policies like the Model Land Leasing Act proposed by NITI Aayog and Andhra Pradesh Land Licensed Cultivators Act, 2011. The Model Land Leasing Act recommends that all lease agreements be made formal and farmers cultivating on leased lands be given access to benefits including farm credit. The unified state of Andhra Pradesh was the pioneer to undertake reforms for tenant farmers in the form of Land Licensed Cultivators' Act, 2011 under which Loan Eligibility Cards (LECs) are being issued to tenant farmers, making it possible for them to approach banks for credit. The Certificates of Cultivations (CoC) are issued under executive direction.

iii. Federal Institution in Agriculture

The Union Government in the past has suggested several reforms in the field of agriculture through the Model Agricultural Land Leasing Act, Model Agricultural Produce and Livestock Marketing Act, removing agricultural commodities from Essential Commodities Act, Digitisation of Land Records and e-NAM etc. However, the implementation of such reforms has not been very encouraging as many a times state governments might not be taken on board during the consultation or implementation process to take their concerns into consideration. In order to consult states and build consensus among them over reforms related to agriculture there is need for a federal institution, established on the principle of cooperative federalism, having representation from both Central Government as well as state governments. Such an institution exists in the form of the GST council which has been a success story.

iv. Digital Innovations in Agriculture Sector

The emergence of farm technologies integrated with robust ICT framework and other farm-related innovations hold tremendous potential to positively impact the growth in the agriculture sector. The technological innovations leverage tools like Internet of Things, Cloud, Big Data, etc. e-NAM, geo-tagging, weather forecasting Gramseva Kisan app, mobile based apps, state of the art solar poered products for irrigation are some of them.

Summary and Conclusions :

Indian agriculture and allied sector broadly covers four activities, viz., crop, livestock, forestry and fisheries. To stimulate the productivity of these activities, Government of India (GoI) has, from time to time, given policy thrusts which led to the various agricultural revolutions, viz., green revolution in cereal production (late 1960s-early 1980s) which was succeeded by the white revolution in milk production (starting in the 1970s), the gene revolution in cotton production, (in early 2000) and the blue revolution which focused on increasing fisheries production and productivity (1973-2002). As a result, the agriculture sector has not only become self-sufficient but has emerged as the net exporter of several agricultural commodities like rice, marine products, cotton etc.

Such a phenomenal achievement would not have been possible without the agricultural credit related policy interventions by GoI and RBI. Realizing the importance of institutional credit in fostering the growth and development of the agriculture sector, the All India Rural Credit Survey Committee (AIRCSC, 1951-54) had laid the foundation of the institutional framework to establish a sound credit delivery system for financing agriculture and allied activities. Till the end of the 1960s cooperative structure had assumed the responsibility of providing production credit to the farmers. With the objective of imposing social control, commercial banks were nationalised in 1969 and 1980. Further, in 1976, RRBs were set up as alternative agencies to provide rural credit. These developments brought in a sea change in the flow of institutional credit to the farm sector. As a consequence, the farmers' credit requirements were increasingly met by the formal institutional sources. Gradually the country moved towards a multi-agency approach to meet the credit needs of the farmers.

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