



Study of Agricultures Loans, their types in India and Agricultural schemes for farmers in India

Vipin Bagria, Research Scholar, Rajasthan University Jaipur, vkbagria02@gmail.com

Introduction : Agriculture Debts or Loans is an important prerequisite for agricultural growth. Agricultural policies have been reviewed from time to time to provide adequate and timely availability of finance to this sector. Rural Loans system assumes importance because for most of the Indian rural families, savings are inadequate to finance farming and other economic activities. This coupled with the lack of simultaneity between income realization and expenditure and lumpiness of agricultural capital investments. The institutional Loans system is critical for agricultural development and its role has further increased in the liberalized economic environment. In India a multi-agency approach comprising co-operative banks, scheduled commercial banks and regional rural banks (RRBs) has been followed to allow Loans to agricultural sector.

Professional moneylenders were the only source of Loans to agriculture till 1935. They use to charge unduly high rates of interest and follow serious practices while giving loans and recovering them. As a result, farmers were heavily burdened with debts and many of them perpetuated debts. There were widespread discontents among farmers against these practices and there were instances of riots also.

Agriculture in India plays a crucial role in the development of the economy of India. It accounts for about 19 percent of GDP and about two thirds of the population is dependent on this sector of the livelihood. Agriculture in India has been heavily dependent on the monsoon which is a very risky activity for the economy and development of the agriculture sector in India. Other than the monsoon rural in-debttness is the major concern for the Indian Agriculture.

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