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# REVIEW OF RESEARCH

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## “FINANCE OF GREEN PRODUCE: AN OVERVIEW”

**Dr. Vijayaraj A. Sahu**

Faculty Member Department of Studies and Research in Management  
Gulbarga University, Kalaburagi.

### ABSTRACT: -

**A**griculture plays an important role in the development of Indian economy. Whereas recent trends shows majority farmers are induced by the financial institutions to procure more and more loans for individual agricultural development which is



creating an immense burden on farmers which in turn they are failing in repayment of their loan which is in turn creating imbalance in the financial crisis in agricultural finance. There were many steps taken by the state as well as central government for the development of agriculture in India and also many private and public sectors

had taken initiation for development of agriculture in India

The present paper titled finance of green products focuses on the role of agriculture finance in India, need for agriculture finance in India and to find the methods which will be helpful for both farmers and financial institutions.

**KEYWORDS:** NABARD, Agriculture finance in India.

### 1: INTRODUCTION TO FINANCE OF GREEN PRODUCE

Agriculture plays a vital role in Indian Economy. More than 58 percent of populations were dependent on agriculture as their main occupation. According to the second advised estimates of (CSO) Central statistics office, the share of agriculture and agro based industry including forestry, fishery, livestock etc. were estimated to 17.3 percent of (GAV) Gross Value Added During the year 2016-17 at 2011-12 price.

There is a huge growth in Indian food industry and also it has increased the contributing to world food trade every year due to its immense potential for value addition particularly in the food processing industry. The Indian food and grocery market is the sixth largest market of the world with retail contribution of 70 percent on total sales; The Indian food processing industry is one of the largest and in fifth position in terms of production, consumption, export and expected growth and accounts of 32 percent country total food market and it contributes to (GAV) about 8.80 in manufacturing sector and 8.39 percent in Agriculture sector and 13 percent in export sector and 06 percent in investment sector.<sup>1</sup>

### 2: OBJECTIVE OF THE STUDY

- To study and understand the financing in agricultural sector
- To know the need of agricultural finance in India
- To study the role of NABARD in development of agriculture sector in India.

### 3: RESEARCH DESIGN:

The study is based on only secondary data. The data was collected from various books, journals, articles, thesis and concerned websites

### 4: LIMITATION OF THE STUDY

- a) The study is confined to only existing secondary data
- b) Time and cost were the constraints

### 5: MEANING OF AGRICULTURE FINANCE

"Agricultural finance is the study of financing and liquidity services credit provides to farm borrowers, it is also a study of those intermediaries who provides loans/funds to agriculture/agro-based industries."<sup>2</sup>

### 6: AGRICULTURE FINANCE IN INDIA AND ITS IMPORTANCE

The economy of the India is mainly depends upon the small farmers. Their intensity, effort and efficiency have helped in raising yields per acre. Finance in agriculture act as a key to many farmers. But many farmers financial inadequacy is the major problem and they need outside finance or credit. Many resources were underutilized due to lack of knowledge and absence of timely credit to procure the agricultural needs.<sup>3</sup>

### 7: ROLE OF AGRICULTURE FINANCE:

Agriculture plays an important role in the development of Indian economy. It approximates to 19 percent of (GDP) the total economy and maximum population of the country depends on this sector. Financing of agricultural activities is a major function of financial institutions which supports as backbone for development of agricultural sectors as well as helping farmers to procure required inputs for their activities and to adopt technological innovations to improve agricultural outputs.<sup>4</sup>

### 8: CLASSIFICATION OF AGRICULTURAL FINANCE:

#### a) On basis of Time:

- i. Short term ( Below 01 Year)
- ii. Medium term (01 year to 05 Years)
- iii. Long term ( Above 05 Years)

#### b) On the basis of purpose/use

- i. Crop loan
- ii. Irrigation loan
- iii. Poultry/Dairy/fishery loan
- iv. Machinery and Equipment loan etc.

#### c) On the basis of security

- i. Mortgage on tangible assets
- ii. Mortgage on intangible assets etc.<sup>5</sup>

### 9: SOURCES OF AGRICULTURAL FINANCE:

#### a) Non institutional credit agencies

- i. Commission agents and traders
- ii. Private money lenders ( Landlords)

#### b) Institutional Credit agencies

- i. Government
- ii. Co-operative societies
- iii. Commercial banks
- iv. Regional rural banks
- v. Micro financing

- c) Co-operative credit organization
- d) Primary Agriculture co-operative Societies (PACS)
- e) District Central co-operative Banks (DCCs)
- f) State co-operative Banks (SCB)
- g) Primary land Development Banks (PLDBs)
- h) Central land Development Banks (CLDBs)
- I) Regional Rural Banks (RRBs)
- j) Micro Credit
- k) Non Government Organisation (NGOs)
- l) Self Help Groups (SHGs)
- m) National Bank For Agriculture & Rural Development (NABARD) etc.

## **10: NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT (NABARD)**

### **10.1: History of NABARD**

National Bank for Agriculture and Rural Development (NABARD) was established in the year 1982 by an Act of Parliament and was entrusted with all matters concerning policy, planning and operation in the field of credit for agriculture and other economic activities in rural areas. The Bill for setting up the Bank was passed by the Parliament in December, 1981 and National Bank for Agriculture and Rural Development came into existence on 12th July, 1982. Before that, this job was being done by Reserve Bank of India.

### **10.2: Objectives of NABARD**

NABARD works for progressive institutionalisation of the rural credit and ensures that the demands for credit from agriculture including the new and upcoming areas like floriculture, tissue culture, bio-fertilisers, sprinkler irrigation, drip irrigation etc are met. It is also vested with the responsibility of promoting and integrating rural development activities through refinance.

### **10.3: Functions of NABARD**

- a) NABARD helps in planning and operational matters related to credit for agriculture and allied activities, rural artisans, village industries and other rural development activities;
- b) It extends refinance to commercial banks for term loans in relation to agriculture and rural development;
- c) NABARD Provides short term credit to state cooperative banks, RRBs, and other financial institution notified by RBI for a period not exceeding 18 months by way of refinance for agricultural operations, marketing of crops and marketing and distribution of agricultural inputs.
- d) It also offers direct loan by way of refinance to all eligible institutions for a period not exceeding 25 years.
- e) It provides finance for production and marketing activities of rural artisans, cottage industries, small-scale industries, handicrafts etc. in the rural areas.<sup>6</sup>

## **11: STEPS TO IMPROVE AGRICULTURE FINANCE:**

### **a) Investing in smarter value chains**

An important role of the government, besides funding, will be to create an enabling environment for private investment. This needs to be done through tax rationalizations, duty exemptions, increases in public spending, priority sector lending and FDI. It is steps such as these that will boost private sector investment in supply chain infrastructure and services, leading to a reduction in waste and more added values.

### **b) Improving access to credit, technology and markets**

We need PPPs focused on getting farmers access to vital information, methodologies and the latest technology to help them in areas such as crop rotation, weather patterns, fertilizer use and going organic – all at the click of a button or a simple SMS on their mobile phones.

### **c) Building farmer resilience to environmental shocks**

While PPPs in the agri space are not commonplace, they need to be. The Maharashtra government has

already made a start with its Maharashtra Public-Private Partnership for Integrated Agriculture Development (PPPIAD) project. Under the aegis of this initiative, Maharashtra is developing integrated value chains for selected crops through PPPs and co-investment.

Part of the World Economic Forum's New Vision for Agriculture, the project aims to develop integrated value chains. What began with 11 projects in 2012-13 now encompasses 33 value chain programmes, with more than 60 participating companies. The project focuses on 15 key crops and has already reached almost half a million farmers, with a target of 5 million by 2020.

PPPs like the Maharashtra project are the way to go for India's agricultural sector. They are proving to be an important step in renewing and rejuvenating rural economies and leading them to inclusive and sustainable growth.

The achievement of targets in the agricultural sector which covers production of food and essential raw material like cotton, jute and oilseeds, ought not to be allowed to suffer for want of adequate credit. However, specific items of productive work and rates of interest need to be considered as an integral part of the Plan. For providing these facilities all the existing agencies like money lenders, commercial banks, cooperatives and the State have to be integrated and harnessed to a common purpose. Such a comprehensive approach is essential for ensuring the best use of all the available resources of the nation.<sup>7</sup>

## 12: CONCLUSION:

Though the state as well as the central government had taken many steps for the development of agriculture and allied sectors. They are providing many facilities, like subsidies, concessions, rebates etc. It was also found that many private and public sector financial institutions has taken various steps for the development of the sector in India. In the present paper an attempt is made to know the work of finance in green produce in India

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**Dr. Vijayaraj A. Sahu**

Faculty Member Department of Studies and Research in Management Gulbarga University , Kalaburagi.