

## Preface

---

Agriculture business like other businesses is also dependent on credit for different production & marketing related activities. In India, generally the capacity of farmers to save and invest is very low. The agricultural productivity is low due to low use of inputs. The farmers therefore, need credit to increase productivity and efficiency in agriculture. This need is increasing over the years with the rise in use of fertilizers, mechanization and rise in prices. Agricultural Credit is the amount of investment funds made available for agricultural production from resources outside the farm sector. In other words, we can say that Agricultural credit refers to one of several credit vehicles used to finance agricultural transactions such as a loan etc. Financing is done specially adapted to the specific financial needs of farmers or their organizations. As a result, Agricultural Finance has come up as a full-fledged discipline and is considered as separate field of study dealing with lending and borrowing by farmers and organizations of farmers. The credit required by the farmers or their organizations may be short term, medium term or long term credit depending on the nature of requirements like for inputs as seeds, fertilizers etc. or for farm machinery or for land purchase/reclamation etc. Overall, credit plays a role of lubricant for running the farm business. In India, the major sources of agricultural credit can be broadly classified into institutional and non-institutional sources. Non-Institutional sources include moneylenders, traders and commission agents, relatives and landlords etc. whereas, the institutional sources include co-operatives, commercial banks including the SBI Group, RBI and NABARD.

In order to cater to the needs of farm credit, govt. of India has implemented many schemes from time-to-time. The Kisan

Credit Card (KCC) scheme is one of such schemes, introduced in August 1998 by Indian banks. This model scheme was prepared by the National Bank for Agriculture and Rural Development (NABARD) on the recommendations of R.V. Gupta committee to provide term loans for agricultural needs.

This book is based on the practical field study done for investigating the impact of KCC scheme on the welfare of the farming community. The situations of the farming have been comparatively studied during pre & post periods of availing the KCC scheme. It will be helpful and informative for academicians in general and the researchers in particular as well as the practioners in the field of agricultural finance.

We are grateful to all those who have helped us indirectly or directly in making this endeavor possible. All can not be mentioned but none is forgotten.

**Dr. Sudhakar Dwivedi**  
**Shyam Sunder**  
**Dr. Pawan Kumar Sharma**  
**Harminder Singh**

# Contents

---

<i>Preface</i> . . . . .	v
1. Introduction . . . . .	1
2. Review of Literature . . . . .	7
3. Research Methodology, Terms & Concepts . . . . .	18
4. Results . . . . .	26
5. Discussion . . . . .	93
6. Summary, Conclusions & Policy Implications . . . . .	109
References . . . . .	126
<i>About the Authors</i> . . . . .	130