

FINANCIAL TREND AND RISK ASSOCIATION IN INDIAN AGRICULTURAL CREDIT: A STUDY

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ABSTRACT

The primary occupation of the majority of population in India is agriculture. Inadequacy of capital to continue the production process both in farm and non-farm sector generates a major challenge for the cultivators. Formal credit plays a key role in agriculture and allied activities in the developing countries like India. Both Direct and Indirect finance provided by Scheduled Commercial Banks, Co-operatives and Regional Rural Banks remain unparallel to meet the credit needs for small and marginal farmers. Investment of banking sector includes several risks such as high cost of monitoring process, liquid security, outstanding credit etc. Financial assistance under the leadership of Scheduled Commercial Bank as institutional credit flow helps to remove the dark shades of indebtedness towards weaker sections of the society. Adopting secondary data the objective of the paper is to address the trend of direct and indirect finance in Indian agriculture with some policy initiatives and evaluate several risks associated with it. This paper is a modest attempt to recognize the credit trends of India agriculture.

KEY WORDS: Direct and Indirect finance, Institutional credit, financial assistance, risk.

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