ROLE OF RURAL CREDIT IN IMPROVING THE PRODUCTIVITY IN INDIAN AGRICULTURE

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ABSTRACT

Inclusive growth is a programme with unique nature of both rate and pattern of growth. Government of India has instigated this programme in the middle of the tenth five year plan and reinforced it in the 11th plan as a strategy. Inclusive growth is human centered to enhance people’s choices and access to life-supporting prospect to improve quality and standard of life. It is a multi-dimensional outcome with sustainability in their livelihood, self-esteem with better quality of life and equality of life style of individuals. The 11th five year plan stresses inclusive growth as an important aspect for economic performance and economic development. The poor have to be enabled to participate in the economic development by providing them access to affordable livelihood finance and other financial products and services. For the economic support of the oppressed, it is very much necessary to provide them with credit or finance from nationalized banks and co-operative banks. Both the central and state governments provide various schemes to fund their economic activities. So as inclusive growth to reach the exploited, neglected and disadvantaged group, informal credit systems such as microfinance institutions have cropped up to provide micro credit facilities.

Reduction of poverty, increase in quality and quantity of employment, development of agriculture, social sector development & reduction in regional disparities and protecting environment are the five interrelated elements of inclusive growth. India is gifted with fertile land and profuse water resources. So, prosperity of our country is based mainly on the development of agriculture as majority of the population is engaged in agriculture either directly or indirectly. This paper deals with the importance of agricultural credit and sources of agricultural credit systems in India for the development of agriculture. It tries to examine the trends in the amount of institutional credit especially before and after introducing economic reforms in the country. It also examines the extent to which agricultural credit meets the needs of small and marginal farmers. Agricultural credit has to be provided for the trustworthy persons as it is a matter that affects millions. In democracy, people should be aware of borrowing matters affecting them. Their participation and opinion help in shaping the government policy. Ease in the credit availability and affordability eventually lead to better agricultural performance by the Indian farmers.

KEYWORDS: Inclusive growth, agriculture, marginalized groups, living conditions, employment opportunities, agricultural credit, economic growth, poverty reduction.