GS-3 - Agriculture.

3. Creating new digital products suited for rural economy will play key role in preparing ground afresh for agricultural credit. Explain.

Agricultural credit trends - 12% in 2000's - increased to 18% 2010 and currently stands at 15.9% (2020-21)

Regional squeeze

N ⇒ cropping area 43%
credit 23%

W — E [North East] ⇒ 0.75%

S cropping area 23%
credit 45%

Factors
→ Bank credit apart from crop area, focus on low risk agriculture, high returns and infra development in states.

~~As sequence of~~ Scenario of Agri credit

credits are more tilted to production; marketing and post harvestment are starved of credit

eg: 1. oil palm cultivation ⇒ Government scheme - oil palm scheme - credit → to increase edible oil cultivation.

2. one district one product initiative ⇒ will link product & market ⇒ value chain financing.

To increase value-chain financing

1. Digitization of agri credit - it increases efficiency, credibility eg: e-National Agriculture Market increased efficiency of grains & expansion of credit.

2. Farmer producer organisation financing - can address gap in credit. Credit Guarantee fund to such organisations boosts agri credit

3. Startups targetted - product delivery to farmers ⇒ eg: kisan drones. Adoption of technology depends on relevance & ease of use. past successful example of Unified payment Interface.

4. Reformed Direct benefit transfer → subsidies to farmers; But loan write off / waivers as only a other option.

5. non-banking financial institution - last mile credit delivery with digital services like unified payment interface, digital direct benefit transfer keeps rural area in hold of ~~ag~~ digital services, leveraging technology, to increase efficiency and expansion of agri credit