

Q. The agricultural credit policies of the Indian Government haven't immensely contributed to the agricultural growth. Comment (200 words)

Discerning the pitiable condition of Indian farmer, the government have focused to the agricultural credit at very low interest and waived off the outstanding farm loan to some extent as the state government follows, not immensely contributed to the agricultural growth.

The study pertaining to the relation between agricultural credit and agricultural growth conducted by R.B.I covering the period 1988-89 to 2010-11 implies that there is no statistically significant causal nexus between them. Another study using the state-level data period from 1995-2012 found that though agricultural credit encourages farmers to purchase agricultural machinery, its impact on G.D.P is not commendable. A large section of affluent farmers take the benefit of credit in non-farming business alongwith small and marginal farmers uses the loan to pay their debt to lenders.