ST. JOSEPH’S COLLEGE FOR WOMEN (AUTONOMOUS) VISAKHAPATNAM

III SEMESTER **AGRICULTURE AND RURAL DEVELOPMENT** Time:3hrs/week

AECO241 (1) **AGRICULTURAL FINANCE AND CO-OPERATION** Marks:100

w.e.f AJ 2022-2023

**OBJECTIVES:**

* To Determine most profitable level of capital use.
* To know the Optimum allocation of limited amount of capital among different enterprises.
* To Analyse of progress and performance of cooperatives using published data.
* To Analyse of progress and performance of commercial banks and RRBs during using published data.

**COURSE OUTCOMES:**

**CO1:** Explain the concepts of agricultural finance, principles of credit and credit analysis.

**CO2:** Outline social control and nationalisation, lead bank schemes and crop loan systems.

**CO3:** Outline the meaning and scope of financial inclusion and schemes and agencies for financing.

**CO4:** Summarize the role of various international bodies and features of crop insurance and agricultural projects.

**CO5:** Explain the objectives, functions and role of cooperatives in the agricultural sector.

**THEORY**

**UNIT- I: (3Hrs)**

1. Agricultural Finance - Meaning, definition, nature and scope - Significance - Micro and macro finance - Capital and credit problems, need and their importance in Agriculture.

2. Credit - Meaning and definition - Classification of credit based on different criteria with examples.

3. Credit analysis - Economic feasibility tests - 3 R’s of credit analysis - Returns to investment - Repayment capacity - Meaning, causes of poor repayment capacity of farmers, suggestions to improve repayment capacity - Risk bearing ability - Meaning, sources of risk, means to strengthen RBA.

4. Five Cs of credit – Character – Capacity – Capital - Condition and Common sense - Seven Ps of credit - Principle of Productive purpose - Principle of personality - Principle of productivity - Principle of phased disbursement - Principle of proper utilization - Principle of payment and Principle of protection.

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**UNIT-II: (4Hrs)**

1. Social control and nationalisation - Meaning, objectives and their importance - Privatisation of commercial banks - Need and importance for institutional sources and structure of agricultural lending from different sources.

2. Lead bank scheme - Origin, objectives, functions - District credit plan - Regional Rural Banks (RRBs) - Origin, objectives, functions — RRBs in Andhra Pradesh.

3. Crop loan system - Objectives, importance, features of crop loan system - Scale of finance - Meaning and estimation and role of district level consultative committee - Term loans – Objectives and meaning of unit costs, fixation of unit costs and NABARD guidelines.

**UNIT- III: (3Hrs)**

1. Financial inclusion - Meaning and importance - Micro finance - Meaning, importance, agencies providing microcredit banks, NBFCs, NGOs, and Govt. agencies - SHGs and their role in microfinance and bank linkages - Micro finance lending and control act in Andhra Pradesh - Objectives and important features.

2. Schemes for financing weaker sections - Differential interest rate (DIR) - Integrated rural development programme (IRDP) - Swarnajayanti gram swarozgaryojana (SGSY) - Self-help groups (SHGs) etc., Srinidhi, MUDRA.

3. Higher financing agencies - Reserve Bank of India (RBI) - Objectives and functions and role in agricultural development and finance. National Bank for Agricultural and Rural Development (NABARD) - Origin, functions, activities and role in agricultural development.

**UNIT- IV: (3Hrs)**

1. World Bank (WB) - Objectives and functions -World Bank group institutions - role and functions of International Bank for Reconstruction and Development (IBRD) - International Development Agency (IDA) - International Finance Corporation (IFC), MIGA, ISID.

2. Crop insurance - Meaning and its advantages and limitations in application -Agricultural insurance company of India - Objectives and functions - Indemnity - Meaning, premiums and claims - Prime Minister’s FasalBhimaYojana (PMFBY) - Salient features - Weather based crop insurance - Salient features and its importance.

3. Agricultural project - Meaning, characteristics of agril. projects, project cycle and explanation of different phases of project cycle - Basic guidelines for preparation of project reports.

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**UNIT-V: (2Hrs)**

1. Co-operation - Meaning, Scope, importance and definition - Principles - Objectives of co-operation, significance of cooperatives in Indian agriculture.

2. Brief history of cooperative movement development in India - Recent developments in Indian cooperative movement - Short comings of Indian co-operative movement and remedies.

3. Agricultural Cooperative institutions in India - co-operative credit structure in India and Andhra Pradesh – Objectives and functions of state level (APCOB), district level (DCCB) and Village level (PACS) cooperative societies - Functions of marketing, consumer societies, multi-purpose cooperatives, farmers’ service cooperative societies, dairy cooperatives - Andhra Pradesh mutually aided Co-operative Societies Act (1995) - Role of International Cooperative Alliance (ICA), National cooperative Union of India (NCUI), National Cooperative Development Council (NCDC).

**References Text Books:**

1. Johil S.S. and C.V. Moore. 1970. Essentials of Farm Financial Management. Today and Tomorrow Printers and Publishers, New Delhi.

2. John, J. Hamptron.1983. Financial Decision Making: Concepts, Problems and Cases, of India. New Delhi.

3. Mamoria, C.B. and R.D. Saksena. 1973. Co-operatives in India. Kitab Mahal, Allahabad,

4. Mamoria, C.B. and Saxena. Agricultural Problems in India. Kitab Mahal, Allahabad

5. Mukhi, H R. 1983. Cooperation in India and Abroad. New Heights Publishers, New Delhi.

1. Muniraj, R. 1987. Farm Finance for Development, Oxford & IBH Publishing Company Ltd., New Delhi,

2. Subba Reddy, S. and P. Raghuram. Agricultural Finance and Management. Oxford & Publishing Company Private Ltd., New Delhi, 2005

3. Subba Reddy, S., Raghu Ram., P., Sastry, T.V.N and Bhavani Devi, I. 2016. Agricultural Economics. Oxford & IBH Publishing Company Private Ltd., New Delhi.

4. Pandey, U.K. Agricultural Finance in India.

5. William, G. Murray and Nelson Aarson, G. Agricultural Finance. The Iowa State University Press, Ames, Iowa state University press Ames, IOWA.

6. www.rbi.org 12. www. nabard. Org

7. [www.wb.org](http://www.wb.org) \*\*\* \*\*\* \*\*\*