Agricultural Finance

"Agricultural **finance** is the study of **financing** and liquidity services credit provides to farm borrowers. It is also. considered as the study of those **financial** intermediaries who provide **loan** funds to **agriculture** and the **financial** markets in which these intermediaries obtain their **loan** able funds."

Agricultural finance and marketing needs of the farmers can be examined from two different angles:

(i) On the basis of time and

(ii) On the basis of purpose.

On the Basis of Time:

The needs of the farmers can be classified into three categories on the basis of time:

(i) Short term.

(ii) Medium term, and

(iii) Long term.

On the Basis of Purpose:

Agricultural credit needs of the farmers can be classified on the basis of purpose into the following categories:

(i) Productive:

(ii) Consumption needs and;

(iii) Unproductive.

Sources of Agricultural Finance:

This can be divided into two categories:

(i) Non-institutional sources

(ii) Institutional sources

Sources of agricultural credit can be broadly classified into institutional and non-institutional **sources**. Non-Institutional **sources** include moneylenders, traders and commission agents, relatives and landlords, but institutional **sources** include co-operatives, commercial banks including the SBI Group, RBI and NABARD.