

# 21AECO241 AGRICULTURAL FINANCE AND CO-OPERATION

Hours Per Week :

L	T	P	C
1	-	2	2

Total Hours :

L	T	P
15	-	30



Source :

<http://www.esaar.in/agrural/finance.html>

## Course Description and Objectives:

This course makes students better understand the issues related to Agricultural financial institutions including credit and banking agencies and cooperatives

## Course Outcomes:

Upon completion of the course, the student will be able to achieve the following outcomes:

COs	Course Outcomes
1	Understand the economic principles and instruments that support investment requirements and contribute to better performance of Agriculture and associated businesses
2	Enable and bring awareness about various financial institutions from commercial banks to cooperatives and their support to Agricultural sector
3	Acquire knowledge on different credit needs and its role in Indian Agriculture, credit analysis, sources of Agricultural finance

## SKILLS:

- ✓ Assess the performance of the agricultural industry
- ✓ Design business plans
- ✓ Awareness among the farming community regarding the role of commercial banks in Agricultural sector

**ACTIVITIES:**

- o *Determination of most profitable level of capital use*
- o *Analysis of progress and performance of commercial banks, RRBs and cooperatives using published data*
- o *Estimation of credit requirement of farm business – A case study*
- o *Preparation and analysis of balance sheet and income statement – A case study*

**UNIT - 1**

**Introduction:** Agricultural Finance- meaning, scope and significance, capital and credit needs and their role in Indian agriculture. credit: meaning, definition, need, classification

**UNIT - 2**

**Introduction to higher financing institutions** - RBI, NABARD, World bank group institutions. Recent developments in agricultural credit. Sources of agricultural finance: institutional and non-institutional sources, social control and nationalization of commercial banks, RRBs, Lead bank scheme. Role of SLBC (state level banker committee)

**UNIT - 3**

**Agricultural Cooperation** – Meaning, objectives, principles of cooperation, brief history of cooperative development in India, significance of cooperatives in Indian agriculture. Agricultural Cooperative institutions in India- credit, marketing, consumer and multi-purpose cooperatives, farmers' service cooperative societies, processing cooperatives, cooperative warehousing; Role of ICA, NCUI, NCDC

Agricultural Credit: Types of Agricultural loans, Difference between term loan and working capital, Crop loan scheme, Cost of cultivation and Scale of finance, unit cost. Cost of credit, KCC. Agricultural credit appraisal: Credit analysis: 3 R's, and 5C's and 7 Ps of credit analysis

**UNIT - 4**

**Agriculture Project Management** – project- meaning, importance, Project cycle and phases., Basic guidelines for preparation of project reports, Project appraisal, Project appraisal techniques. Financial inclusion: Financial inclusion, financial inclusion models, SHG, Micro financing and schemes for financing weaker sections. Various farm aggregation models like JLG (joint liability groups), FPOs, etc

**UNIT - 5**

**Agriculture crop Insurance:** Concept of risk and uncertainty, nature and sources of risks, Need for Crop insurance, Various insurance schemes, Weather based insurance scheme, PMFBY etc. Concepts like premium, indemnity, claims, unit area etc. AIC and its role in crop insurance. Agricultural Value chain: Definition, difference between supply chain and agricultural value chain, Introduction to Agricultural value chain finance models and examples

**LABORATORY EXPERIMENTS****LIST OF EXPERIMENTS**

1. Estimation of credit requirement of farm business – A case study
2. Estimation of scale of finance - Unit costs and KCC
3. Determination of most profitable level of capital use
4. Analysis of progress and performance of priority sector lending by commercial banks, Cooperatives, RRBs and non-institutional sources using published data. Working out different repayment plans with examples
5. Lump sum repayment / straight- end repayment - Variable or quasi variable repayment
6. Amortized decreasing repayment plan and amortized even repayment plan

7. Estimation of indemnity for crop insurance claims
8. Visit and study of a commercial bank to acquire first hand knowledge of their management, schemes and procedures of lending and sanction of loans
9. Visit and study of a cooperative bank - PACS/ DCCB to acquire first hand knowledge of their management, schemes and procedures of lending and sanction of loans
10. Visit and study of a cooperative society - dairy/ consumers to acquire first hand knowledge of their management, schemes and activities
11. Preparation and analysis of balance sheet – A case study
12. Preparation and analysis of income statement – A case study
13. Appraisal of a loan proposal – A case study.
14. & 15. Techno-economic parameters for preparation of projects - Preparation of bankable projects for various agricultural products and value-added products.

## REFERENCES:

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. Hamptson. 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
6. Muniraj, R. 1987. *Farm Finance for Development*, Oxford & IBH Publishing Company Ltd., New Delhi
7. Subba Reddy, S. and P. Raghuram. *Agricultural Finance and Management*. Oxford & Publishing Company Private Ltd., New Delhi, 2005

## E- RESOURCES :

1. Agricultural chain finance <http://www.fao.org/3/i0846e/i0846e.pdf>

