

## An Evaluation of Agricultural Credit System in Bihar and the Role of Credit Institutions in recent years.

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### Abstract

*This article examines the agricultural credit system in Bihar and the role of Institutional credit agencies. Agriculture is a crucial sector for the state's economy, yet limited access to credit hampers its growth. Institutional credit agencies have contributed significantly by expanding lending services, implementing schemes like Kisan Credit Card and Priority Sector Lending, and partnering with government initiatives. Despite improvements, challenges such as low financial literacy among farmers, institutional agencies's reluctance to finance agriculture, high dependence on informal credit, loan defaults, and procedural delays making credit flow complicated. This study emphasizes the need for enhanced financial inclusion, expansion of RRBs and Commercial bank branches in rural areas, implementation of crop insurance more effectively, digital banking, and policy reforms to further strengthen the agricultural credit system and support farmers in Bihar.*

**Keywords:** - Agriculture credit, KCC, PACS, Priority sector lending, Commercial Banks, NPA, RRBs, Agriculture Roadmap.

### 1. Introduction

The agriculture plays a significant place in Bihar's Economic development for its role in food production, supporting livelihoods, and reducing poverty. This sector is the key stakeholder of Bihar's economy. Its share in GSDP of Bihar is 18.30 per cent (Economic Survey of Bihar 2025-26). Per capita income is lowest in this state, it is 36333, and its decadal growth rate is only 3.37 per cent where national average is 4.4 per cent (CSO, GoI, 2024). This is an alarming condition for the state which has around 104 million which constitute 8.58 per cent of total population of country (Census 2011). For a state having such a huge population with lowest per capita income agriculture plays a critical role. Since the division of Jharkhand in 2000, State is left with least number of mines and minerals. Apart from that state has also no sound industrial base.

This sector's contribution to Bihar's GSDP has been around 21.8 percent in 2020-21. Since the state has over 88 percent rural population and 50 percent of its workforce engaged in agriculture, this sector becomes even more important for the state, especially after its division in 2000.

Agriculture is the backbone of Bihar's economy, employing a significant portion of the population and contributing substantially to the state's GDP. However, agricultural productivity is low in comparison to national average. It is mainly due to limited access to financial resources. Credit plays a crucial role in enabling farmers to invest in modern techniques, purchase quality inputs, and manage risks, which leads to higher production and productivity of agricultural crops. There are several sources of agricultural credit like Primary Agricultural Credit Society (PACS), Primary Land Development Bank/State Land Development Bank (PLDB/SLDB), Commercial Bank Branch (CBB), Regional Rural Bank Branch (RRBB). Since 2005, credit institutions have played a significant role in expanding agricultural credit in Bihar, supporting government initiatives, and driving financial inclusion in rural areas. In this article we have tried to explore the role of credit institutions in agricultural credit in Bihar. Their role, share, emerging trends, challenges, and potential solutions.

### 2. Literature Review

We have gone through some important recent works based on Agricultural finance and credit.

- Kumar, S., & Shrivastava, R. P. Various Aspects of Agricultural Credit Policy in Bihar. *Parisheelan Vol.-XIV, No.- 4*, 2018, ISSN 0974 7222, 435-442. After going through this article, we found that the Agricultural Credit Policy in Bihar essentially lays emphasis on augmenting credit flow at the ground level through credit planning, adoption of region-specific strategies, rationalization of lending policies and procedures and bringing down the cost of borrowing. In Bihar Bank credit is available to the farmers in the form of short-term credit for financing crop production programmes and in the form of medium-term/long-term credit for financing capital investment in agriculture and allied activities like land development including purchase of land, minor irrigation, farm mechanization, dairy development, poultry, animal husbandry, fisheries, plantation, and horticulture. Loans are also available for the farmer of Bihar for storage, processing and marketing of agricultural produce. In Bihar as well as in India a multi -agency approach comprising co-operative banks, scheduled commercial banks and RRBs has been followed for purveying credit to agricultural sector. In Bihar the policy of agricultural credit is guided mainly by the considerations of ensuring adequate and timely availability of credit at reasonable rates through the expansion of institutional framework, its outreach and scale as also by way of directed lending. Over time, spectacular progress has been achieved in terms of the scale and outreach of institutional framework for agricultural credit.
- Bharti, N. (2018). Evolution of agriculture finance in India: A historical perspective. *Agricultural Finance Review*, 78(3), 376-392. After perusal of this article, we found that lack of access to finance is one of the major contributing to low profitability in agriculture. Various policy interventions were performed for promoting access to finance. However, access to finance always remained one of the biggest challenges to Indian policymakers. The purpose of this paper was to explore the policy interventions in the areas of agriculture finance. The study concludes that many of the interventions of today were earlier experimented or proposed in the past but, due to some or the other reason those, interventions were not successful. The study concludes that if those interventions had been implemented that time, it would have taken India in one of the tops in the list of financial inclusion.
- Sinha, R., Kumari, T., & Singh, R. (2022). Assessing the Role of Credit on Agricultural Growth in Bihar. *Economic Affairs*, 67(4), 511-517. After reading this piece of work I found these insights about role of credit in agricultural development. Brief of findings are given here. Credit is an important factor that could influence the use of fixed and variable factors in the agriculture production system. A healthy credit system is responsible for the economy's growth, which ensures that in lack of money, neither the supply nor the demand gets affected. The current study explores the role and status of credit to agriculture in Bihar. It assumes importance as the state has around 96 percent of marginal and small holdings and faces the vagaries of weather with recurrent floods, especially in the northern part of it. The study uses secondary data for the purpose of analysing the growth of institutional credit flow in Bihar. Further, to analyse the credit delivery system in agriculture in Bihar, data from NSS 77th round survey (2021) is used. Results reveal the presence of institutional and non-institutional agencies in Bihar's credit delivery system. The study also uses a multiple linear regression model to assess the role of credit in the agricultural growth of Bihar. The model reveals a significant positive relationship between agricultural production and credit which states the significance of credit to Bihar's agricultural growth.
- Barot, H. A. R. E. S. H., & Patel, K. (2015). Agriculture Finance in India-Issues & Future Perspectives. *International Journal of Business and General Management*, 4(6), 5-10. The rural finance in India begins in 19th century. It is basically concern with providing agricultural finance to the farmers of India. Though the Agriculture Finance commenced in the 19th century, it's still not reaches on its pinnacle even in the 21st century. The history pays close attention to the positive and negative changes in the Agricultural Finance in India. Agriculture Finance was begun in the colonial period. The problems faced by farmers reveal a remarkable continuity from this situation through the period under study. Dependence on local money lenders creates exploitative environment which

affects badly to the rural poor farmers. The study reveals that; though the institutional credit in India to agriculture sector is increased in quantum, serious efforts are required to provide it to the right kind of people, at right time, on right places and in right quantity; that boost Indian agriculture sector in a right way.

### 1. Methodology

This paper is based on secondary sources of data. This is an analytical paper. Data were taken from Ministries, RBI, Economic Surveys, and other portals which provides updated and reliable data on agriculture sector.

### 2. View of Agricultural Economy of Bihar

As it is already mentioned that agriculture is the backbone of Bihar's economy. A large proportion of population dependent upon agriculture. In this

section we have briefly discussed about the primary sector of Bihar especially Agriculture sector. Its contribution in Bihar's GSDP, sectoral composition, its growth rate in recent years. Agriculture share in GSDP is low but workforce engagement is very high. According to PLFS survey 2024, 53.2 percent workforce engaged in Primary sector, and 23.7, 23.1 percent engaged in Secondary and tertiary sector respectively. It is very contradictory situation where a sector total share in GSDP is 18.3 percent engaged 53.7 percent of workers. This is the also a reason behind the reckless condition of agriculture sector in the state. This sector has high potential of growth; but yet untapped. Not only in traditional agriculture but also horticulture, floriculture, fisheries, poultry and other allied sector has the almost same potential of growth.

**Table: - 1 AGR of Agriculture, Forestry, and Fishing sector in Bihar, at constant Price between 2020-25**

Sector	2020-21	2021-22	2022-23	2023-24(P)	2024-25(Q)
<b>Agriculture, Forestry, &amp; Fishing</b>	8.1	4.1	5.3	4.5	3.8
Crops	7.8	2.9	6.5	6.2	1
Livestock	10.6	4.6	2.7	2.5	6.8
Forestry & Logging	2.3	2.1	2.1	3.8	3.8
Fishing&Aquaculture	6.6	11.5	11.1	3.2	9.9

Source: - Directorate of Economics and Statistics, GoB.

Table 1 explains the growth rate of Agricultural sector between 2020-2025, we can see that the growth rate is fluctuating between 3.8 percent to 8.1

percent in last 5 years. Five-year average growth is 5.2 percent. In last five years we can see that Fishing and aquaculture sector has seen very impressive growth.

**Table: - 2 Sectoral Composition of GSVA in Bihar at Constant Prices**

Sector	2020-21	2021-22	2022-23	2023-24(P)	2024-25(Q)
<b>Agriculture, Forestry, &amp; Fishing</b>	<b>21.8</b>	<b>21.1</b>	<b>19.7</b>	<b>18.9</b>	<b>18</b>
Crops	11.2	10.7	10.1	9.8	9.1
Livestock	7.1	6.9	6.3	5.9	5.8
Forestry & Logging	1.7	1.7	1.5	1.4	1.4
Fishing & Aquaculture	1.8	1.9	1.8	1.7	1.8
<b>Mining &amp; Quarrying</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>
<b>Primary</b>	<b>21.9</b>	<b>21.3</b>	<b>20.1</b>	<b>19.1</b>	<b>18.3</b>

Source: - Directorate of Economics and Statistics, GoB.

Table 2 shows the sectoral composition of GSVA in Bihar, it shows this sector contribution was high 21.8 percent in 2020-21 and now it has come down

to 18 percent while contribution of secondary sector and tertiary sector is 27 and 55 percent in 2024-25 respectively (Economic survey of Bihar 2025-26).

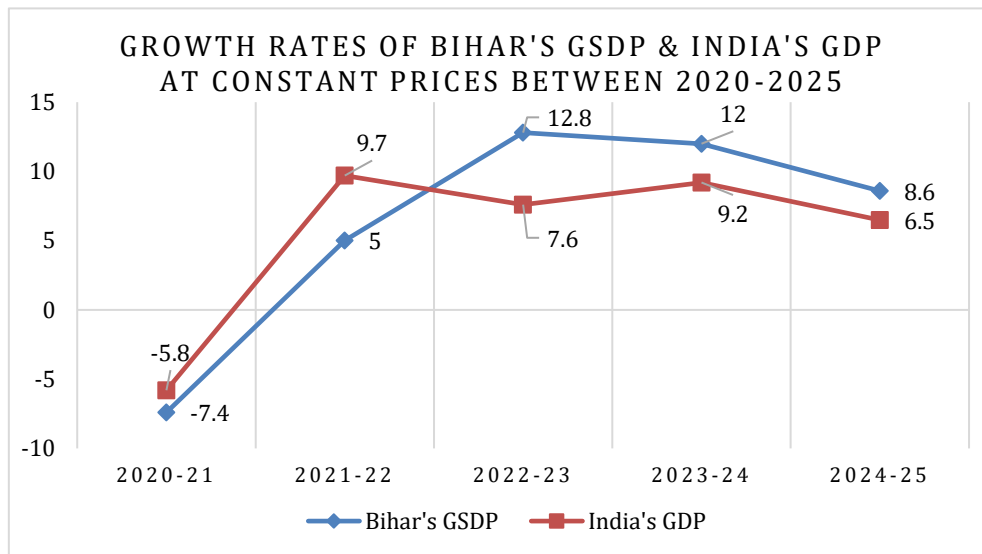


Figure: - 1

Source: - Directorate of Economics and Statistics, GoB and MOSPI, GoI.

Figure 1 shows the growth rate of GSDP of Bihar and GDP of India between 2020-21 to 2024-25. Most of the year Bihar's growth rate has outpaced national growth rate. It reflects the vibrancy of Bihar's economic development.

### 3. Agricultural Credit System in Bihar

#### Definition and Importance

Agricultural credit refers to loans provided to farmers to finance their agricultural activities, including crop production, equipment purchases, irrigation, and post-harvest storage. It ensures timely investment, enhances productivity, and reduces dependence on informal credit sources.

#### Types of Agricultural Credit

- Short-term credit – Covers operational costs such as seeds, fertilizers, pesticides, and labor.
- Medium-term credit – Finances agricultural machinery, livestock, and minor irrigation projects.
- Long-term credit – Supports investments in land development, large-scale irrigation, and mechanization.

#### Sources of Agricultural Credit

- Institutional sources: PACS, PLDB/SLDB, Commercial banks, Regional Rural Banks (RRBs), cooperative banks.
- Non-institutional sources: Large farmers, Local money lenders, commission agents, friends, and relatives.

These are the two major classification of sources of Agricultural credit. In this paper we have discussed only institutional sources of credit.

#### 4. Role of Institutional Credit

Institutional credit plays very critical role in Agricultural credit. It has significantly expanded its presence in Bihar, making credit more accessible to farmers.

#### Key Agricultural Credit Initiatives

- Kisan Credit Card (KCC): Provides flexible, low-interest credit to farmers for crop production and allied activities.
- Priority Sector Lending (PSL): Mandates banks to allocate a portion of their lending to agriculture, ensuring adequate credit flow.
- Interest Subvention Scheme: Reduces the interest burden on farmers, encouraging timely loan repayments.

- Special Agricultural Finance Schemes: Custom loan products for small and marginal farmers, tenant farmers, and women in agriculture.
- Collaboration with NABARD and Government Programs

Commercial banks collaborate with NABARD and the Bihar government to implement rural credit programs, self-help group (SHG) financing, and microfinance initiatives.

### 5. Agriculture Credit Flow in Bihar

In this context, most farm households lack the savings needed to invest in essential agricultural inputs like irrigation, seeds, fertilizers, and chemicals. Institutional agricultural credit serves as the primary means of improving liquidity, allowing farmers to access these resources at the right time. The financial demands on farmers have increased significantly with the adoption of modern technology. Recognizing the rising need for agricultural loans in Bihar, the National Bank for Agricultural and Rural Development (NABARD, Regional Office, Patna) raised its agricultural credit projections for the state from Rs 1,745 crore in 2001-02 to Rs 5,720 crore in 2008-09, and Rs 8,427 crore in 2009-10. However, even if these targets are met, the total credit will still be less than two-thirds

of the per hectare agricultural loans provided to farmers nationally, and less than 50 percent of the loans granted in more agriculturally advanced states. According to the National Sample Survey Organization (NSSO), only 17.2 percent of rural households in Bihar accessed institutional credit in 1971, dropping to 14.3 percent by 2003. The remaining 86 percent of households, mostly small and marginal farmers, have virtually no access to institutional credit. The percentage of farmers relying on non-institutional loans increased from 43 percent in 1991 to 75 percent in 2003, compared to 49 percent and 54 percent nationally during the same period.

Earlier in Bihar, institutional credit played a supplementary role, in contrast to other regions. Among major Indian states, Bihar ranks lowest in the proportion of institutional loans relative to total loans disbursed to farmers. High levels of indebtedness to moneylenders may contribute to farmers' reluctance to approach formal lending institutions, which in turn hampers investment and productivity in the state. In 2006 there was 3595 commercial bank branches were operational in Bihar which increased to 6784 in 2016 and further it increased to 8168 in 2025.

Table: -03 Estimated Institutional Credit taken for Agricultural Purposes by Size Groups

Size Group (Ha)	Total no. of Operational Holdings	No. of Holdings that took Institutional credit	No. of Operational Holdings that took Institutional Credit from			
			PACS	PLDB/SLDB	CBB	RRBB
Marginal (Below 1.00)	100098	33806	17124	1196	10055	7554
Small (1.0-1.99)	25772	12616	6098	524	4521	2594
Semi-Medium (2.0-3.99)	13963	7153	3636	345	2548	1252
Medium (4.0-9.99)	5538	3068	1694	173	1093	554
Large (10 and >10)	819	437	239	24	180	81
All Groups	146190	57080	28792	2262	18398	12035

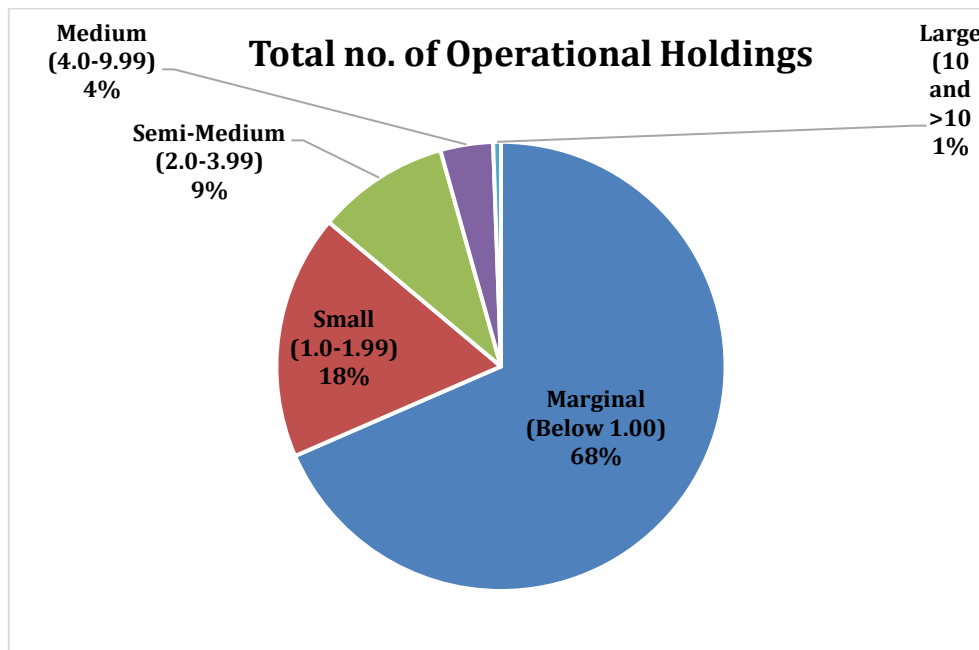


Figure:- 02

Table no. 03 and Figure no. 02 present estimated institutional credit taken for agriculture purpose by different land holding size groups. In Bihar, according to Ministry of Agriculture and Family Welfare (input survey 2016-17), there is 68 percent marginal farmers, 18 percent small farmers, 09 percent semi-medium farmers, 04 percent medium farmers, and only 01 percent large farmers.

Table no. 04 explains amount of institutional credit taken by different land holding groups from different institution. It also explains tenure of loan taken by different groups. In short period highest amount of loan is provided by PACS while smallest amount of loan is provided by RRBB. In medium term highest amount of loan provided by CBB and smallest amount by RRBB and in long term highest amount provided by CBB and smallest amount by

RRBB. If we look at the combined amount of loan provided by different institution, we found that among all highest amount of credit provided by CBB and least amount by PLDB/SLDB. If we look at the tenure short term loan were taken by farmers. It gives us insight that short term loan demand is highest in agriculture in comparison to medium term and long term.

If we break the loan amount taken by different land holding groups, we find that marginal group who have less than a hectare of land and constitute 68 percent of size took highest amount of loan from total loan taken by different groups. Either from PACS, CBB, RRBB, PLDB/SLDB, marginal farmers are more credit prone. They require more credit

Table: -04 Amount of Institutional Credit Taken (in lakh)

Size Group(Ha)	Amount of Institutional Credit Taken											
	PACS			PLDBS/LDB			CBB			RRBB		
	short Term	Medium Term	Long Term	short Term	Medium Term	Long Term	short Term	Medium Term	Long Term	short Term	Medium Term	Long Term
Marginal (Below 1.00)	6483475	1272	292	0	1059934	189269	4820510	1569183	474087	2480065	742761	156004
Small (1.01-1.99)	3044239	439	208	0	741388	132139	3153987	1342181	363264	1391765	343974	12817
Semi-Medium (2.0-3.99)	2963835	132	0	0	612487	172448	2715683	1147816	444953	983327	294914	137789
Medium (4.0-9.99)	1816887	15	0	0	416757	154324	1819981	795177	385631	620842	271516	100136
Large (10 and >10)	308351	0	0	0	46897	32759	433633	177398	117992	148016	50161	23511
All Groups	15417037	1858	500	0	2879462	700939	12945794	5031755	1787897	5602215	1703026	545957

Source: -Department of Agriculture & Farmers Welfare (Input Survey 2016-17)

Source: -Department of Agriculture & Farmers Welfare (Input Survey 2016-17)

Table: -05

	SHORT TERM	MEDIUM TERM	LONG TERM	Total
PACS	15417037	1858	500	15419395
CBB	12945794	5031755	1787897	19765446
RRBB	5602215	1703026	545957	7851198
PLDB/S LDB	0	2879462	700939	3580401
Total	33965046	9616101	3035293	46616440

Source: Extracted from table no. 04.

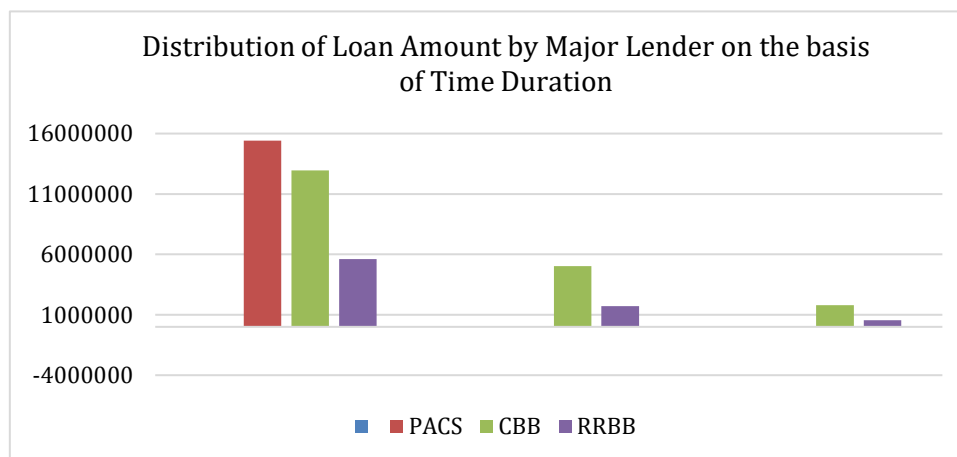


Figure: -03

Table: - 6 Lending of commercial banks (2025)

Sector	Amount (in Crore)	Percentage
Agriculture	2287060	13.2
Industry	3985660	23.0
Service	5093565	29.4
Personal Loan	5971696	34.4
Total lending	17337981	100

Source: - Compiled from RBI data sets.

If we look at the Table no: 06 we can find that in lending by commercial banks Agriculture share is only 13.2 percent and Industry, Service, & Personal loan share is 23.0, 29.4, 34.4 percent respectively. Agriculture being the backbone of Indian economy having very low share in Commercial Banks lending. This is also remarkable that after giving thrust on agriculture finance and making it priority lending sector, its share is only 13.2 percent.

The table no 07 shows the data about the Kishan Credit Cards issuance and amount dues on operative cards. We can see that in Bihar KCC issued by Co-operative banks, RRBs, SCBs. Highest number of

KCC issued by RRBs and lowest number of cards by Co-operatives in 2025. In India, total number of cards issued is 77409 thousand in 2025 while in Bihar it is 2821 thousand. It is around 3.64 percent of total cards issued. Apart from that total amount of outstanding on KCC in India is 1020154 lakh while in Bihar 19369 lakh. It is 1.89 percent only. It reflects that outstanding on KCC is low.

Similarly, if we look at the above table 08, we can find that PACS indicators in India. In India, there is 107641 PACS while in Bihar it is 8463. As Data suggest In Bihar PACS have 17533 lakh deposit capital and 50816 lakh is working capital.

Table: - 07

Sr. No.	State/UT	(Amount in ₹ crore and number of cards issued in '000)															
		Co-operative Banks			Regional Rural Banks			Scheduled Commercial Banks (excluding RRBs)			Total						
		Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs	Number of Operative KCCs	Amount outstanding under Operative KCCs				
1	Bihar	407	338	752	639	1,420	1,428	11,275	1,053	1,054	7,267	7,456	2,981	2,821	19,352	19,369	
	West Bengal	1,477	1,935	4,755	5,848	410	405	2,199	2,134	1,118	8,902	9,477	3,005	3,520	15,856	17,459	
3	Odisha	3,338	3,207	19,624	17,181	447	425	2,737	2,677	660	6,736	7,207	4,466	4,279	29,097	27,064	
4	Andhra Pradesh	1,682	1,564	13,733	13,371	972	1,006	12,138	12,225	2,200	2,164	39,583	42,407	4,853	4,734	65,455	68,003
5	Tamil Nadu	2,201	2,440	16,050	18,182	160	163	3,124	3,212	1,671	1,436	32,959	33,727	4,032	4,038	52,112	55,121
6	Uttar Pradesh	2,673	2,691	18,964	9,389	3,851	3,878	52,694	51,710	4,394	4,387	76,965	80,276	10,917	10,956	138,621	141,375
7	Madhya Pradesh	4,008	4,016	23,946	25,497	464	543	8,041	7,954	2,029	1,959	52,357	55,202	6,500	6,517	84,523	88,732
8	Others	17,356	17,437	121,089	130,236	6,804	6,917	105,831	107,649	16,689	16,188	350,027	365,143	40,850	40,544	576,948	603,051
9	India	33,162	33,628	208,893	220,343	14,528	14,765	197,897	198,836	29,814	29,016	574,974	600,975	77,504	77,409	988,764	1,020,154

Source: - Compiled from RBI data sets.

Table: - 08

Sr. No.	State	Number of PMS	Deposits	Working Capital	Loans and Advances		Societies in Profit	
					Agriculture	Non-Agriculture	Number	Amount
1	Bihar*	8,463	17,533	69,816	-	-	1,180	1604
2	Odisha	2,737	580,816	1,229,964	869,457	12,811	802	4,973
3	West Bengal	7,408	211,589	507,306	150,624	30,584	2,379	3,378
4	Madhya Pradesh*	4,457	81,731	645,546	333,959	11,882	2,153	13,124
5	Uttar Pradesh*	8,929	6,820	425,927	80,031	-	4,536	1,774
6	Andhra Pradesh	2,042	284,495	3,283,110	1,522,356	-	1,082	33,351
7	Telangana*	885	51,039	773,396	571,155	51,609	619	11,623
8	Karnataka	6,954	1,932,333	5,382,566	2,403,574	1,025,724	4,288	17,102
9	Tamil Nadu	4,531	1,187,087	3,995,797	1,982,384	4,402,112	2,949	22,907
10	Others	61,235	16,002,190	26,995,834	7,879,350	1,146,053	29,290	152,086
	All India	107,641	20,353,203	42,910,262	15,799,090	6,680,765	49,238	280,922

\*: Data relate to previous year.  
 \*\*: Nil/negligible.  
 Source: NAFSCOB.

Table: -09

Priority Sector Lending by Schedules Commercial Banks			
	2024	2025	2026 (Jan)
Agriculture and Allied Activities	2008222	2248829	2565250
Micro and Small Enterprises	1939653	2191766	2735314
Medium Enterprises	470609	574228	682981
Housing	757001	747261	1030805
Educational Loans	61683	63056	77853
Others	82465	74567	64568
Weaker Sections including net PSLC- SF/MF	1589097	1793997	2007819

Source: - Compiled from RBI Reports accessed on 28.03.2026

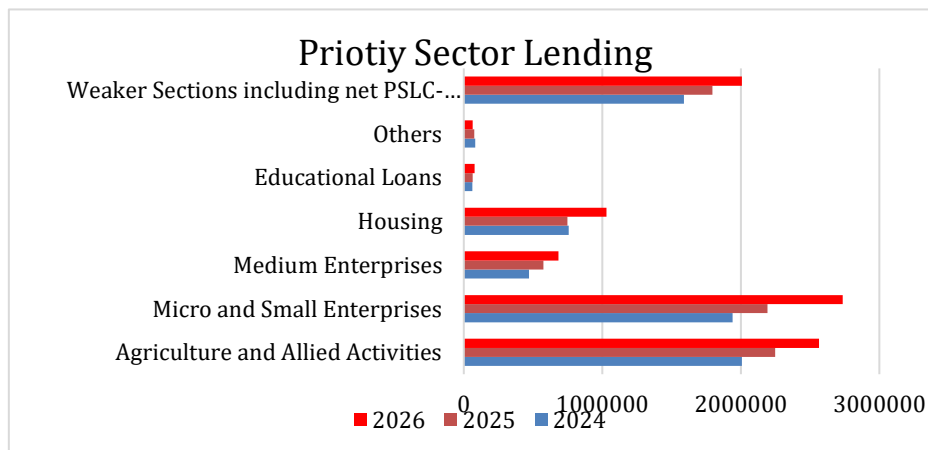


Figure: -04

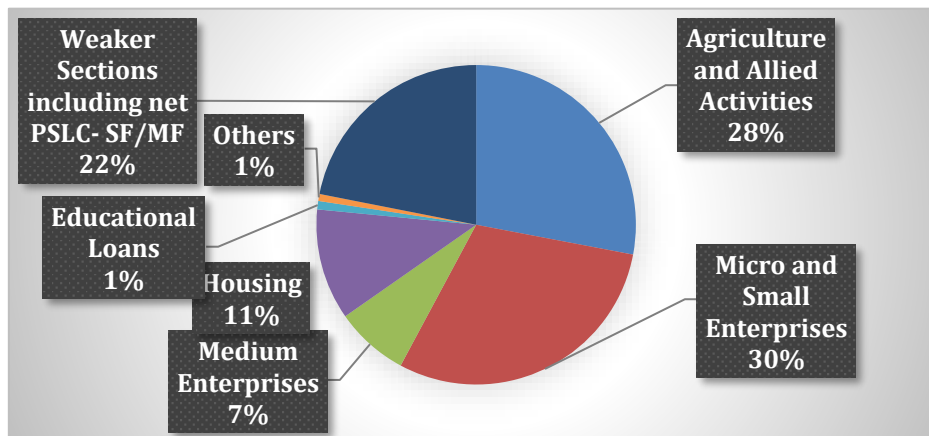


Figure: -05

This pie chart and above table shows that the share of different priority sector lending by commercial banks. Micro and Small Enterprises has the highest share and Agriculture and allied is second largest.

#### 6. Challenges in Agricultural Credit System in Bihar

These are the major challenges exist in agricultural credit in Bihar: -

- Low level of financial literacy among farmers.
- High Dependence on Informal Credit, i.e. sahuikars, mahajans, local money lenders.
- Despite efforts by commercial banks, many farmers still rely on local money lenders due to ease of access and minimal paperwork.
- High rate of Loan Defaults and Non-Performing Assets (NPAs) for Institutional agencies.
- Sometimes farmers have to struggle to repay loans due to unfavourable weather, crop failures, and market fluctuations.
- Many farmers find the loan application process complex and time-consuming.
- Lack of awareness about formal credit options leads to underutilization of available schemes.

#### 7. Government and Bank Initiatives for Improvement

##### (a) Financial Inclusion Programs

- More number of commercial bank and RRB branches in rural areas.
- Pradhan Mantri Jan Dhan Yojana (PMJDY): Encourages rural banking participation and facilitates direct credit transfers.
- Self-Help Groups (SHGs) and Microfinance: Promotes group-based lending for small-scale agricultural activities.

##### (b) Digital Banking and Mobile Technology

- Mobile banking apps and digital loan disbursals have simplified credit access for farmers.
- E-Kisan credit and Aadhaar-linked banking have minimized fraudulent transactions.

##### (c) Policy Reforms for Credit Accessibility

- Relaxed lending norms and risk-mitigation strategies for small and marginal farmers.
- Expansion of rural banking infrastructure and financial literacy campaigns.

#### 8. Conclusion and Recommendations

- The agricultural credit system in Bihar has improved significantly since 2005, with institutional credit agencies playing a crucial role.
- Government-backed initiatives like KCC, PSL, and interest subvention have expanded credit accessibility to marginal and small farmers along with other size groups.

### Policy Suggestions for Improvement

1. Strengthen rural banking networks by opening more bank branches in rural areas.
2. Promote financial literacy programs to educate farmers about available credit options.
3. Develop crop insurance schemes to reduce the risks of loan defaults.
4. Encourage digital lending platforms for faster and hassle-free loan disbursements.

### Conclusion

The Future of Agricultural Credit in Bihar is in brighter spot. Earlier farmers were solely dependent upon the middle man, local mahajans, and other non-institutional lenders for their agriculture credit. Institutional credit agencies are now increasing their lending network in Bihar. PACS are becoming more active. Recently government has merged Regional Rural Banks for better management and more penetration, especially for agricultural credit. Commercial banks were not very reluctant to lend for agriculture due to high NPA, but recent data on KCC outstanding, commercial banks priority sector lending data suggest that now they are not very much reluctant to lend to farmers. Government is working with a proper Agriculture Roadmap since 2005 to bring back agriculture on right track. Now with continued policy support, technological advancements, and better financial management, the agricultural credit system in Bihar can become more robust and inclusive, ultimately driving agricultural growth and rural prosperity.

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