

MEASURING SUSTAINABLE EFFECTIVENESS OF CREDIT FINANCING SCHEMES THROUGH RISK EVALUATION: A REVIEW

Risk and uncertainty are inevitable aspects of the sustainability problem as they are often neglected in the sustainability discourse, especially in the economic analysis of sustainable development. It has been argued that it deprives the sustainability discourse from the link between risk and policy making. The paper attempts to provide a tool for the effectiveness assessment of agricultural financing schemes through individual risk behaviour domains with perceived effectiveness. The study has an inert contribution, as all researchers have assessed effectiveness through its successor aspects but this study evaluates it from predecessor aspects in view of various risk domains. In this regard, recent work by Weber et al., (2002) suggests that such apparent domain differences in risk taking have more to do with situational and domain-related differences in the perception of risk than with attitudes toward risk. The study has two fold contributions in policy formulation as it provides a tool for evaluating risk factors related to agricultural credit financing in particular and credit financing in general. Secondly, it provides a methodology for evaluating the effectiveness of credit schemes. Hence, evaluates individual from psychological perspective and scheme/policy from effectiveness perspective. At the end an attempt has been made to provide a tool for sustainable financing policy with maximum benefits and minimum losses through a trade-off between individual and policy.

Key words: Credit financing, Risk behaviour, Risk evaluation, Risk domains, Sustainable effectiveness



Shakir Hussain Parrey
Scholar, The Business School,
University of Kashmir,
Srinagar.

Iqbal Ahmad Hakim
Professor, The Business School,
University of Kashmir,
Srinagar.

Suhail Ahmad Bhat
Scholar, The Business School,
University of Kashmir,
Srinagar.

*I*ntroduction

Farming today is increasingly being exposed to risk and uncertainty, originating from a wide array of areas including family health, legislation, production, marketing, environmental conditions and financial conditions (Kahan, 2013). The provision of credit finance among the stakeholders particularly agri-entrepreneurs is assumed as one of the pressing tools for boosting the agriculture and proving the way for planned development of economy. Therefore, the emphasis on the institutional framework for credit has been emphasized since the beginning of planned development era in India. Thus, realizing the importance of credit in fostering growth and development. In order to encourage the development of financial markets, the Government of India has initiated many programmes. Such programmes have been justified by the well documented strong relation between financial development and economic growth (Demigruc-Kunt and Levine, 2008). But, the effectiveness and efficiency of these schemes and policies depends on proper need identification by policy makers and adoption by target population (Supe and Ganorkar, 1970). As policy-making in consultation with psychological factors about target groups