

Agricultural Credit: A Powerful Tool for Rural Youth Self-Employment

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Abstract

The assurance of agricultural credit, the government of Nepal should have investment in agricultural infrastructure; establish mechanism for agro eco-system, effective management of agro in-put, reliable insurance policy for agriculture, favorable policy for agriculture development, assurance of repayment of agricultural loan. The purpose of the paper is to highlight the prospects of agricultural finance to rural youth for self-employment. This study has used descriptive research design. Agricultural development programs and employment creation should be rural oriented and particularly targeted to the migrant people returning from abroad during the pandemic. Agriculture is sustained way for long -term employment to them. For the commercialization, modernization and development of agricultural sector various programs and activities has been implemented, but all of these are not accessed to targeted farmers. A specific financial institution for agricultural finance is needed and special package for youths is essential. The conclusion of the study shows that agricultural credit and rural youth employment have significant relationship with economic and social re-establishment of society. The findings of the study will benefit policy makers, economist, and bank and financial institutions (BFIs).

Keywords: agricultural credit, commercialization, migrant's people, self-employment, youth employment.

Background of the Study

Nepal is an agricultural country. Agriculture is known as the backbone of economy of federal democratic republic of Nepal. Agricultural occupation consists of food crops, vegetable, cash crops (Tea, coffee, jute, and sugarcane), livestock for milk and meat, fish and fruits. Nepalese the economy is dominated by agriculture. During 1990, it was the livelihood for more than 90 percent of the population, although only 20 percent of the total land areas were cultivable, it accounted for on average about 60 percent of the GDP and approximately 70 of exports (Poudel, 2020). Since the formulation of the 5th five year plan, (1975-1980) agriculture has been the highest priority because economic growth was dependent on both increasing the productivity of existing crops and diversifying the agricultural base for use of industrial inputs. Ecologically, Nepal is divided into three regions, running from east to west-the Terai (plain area), the hills and the mountains respectively covering 23, 42, and 35 percent of the total land area. The mountains, hills and terai region respectively share 7 percent, 37 percent and 56 percent of the total cultivated land of the country (Joshi, 2018). Similarly the distribution of population by ecological region is 48.4 percent in Terai, 44.3 percent in the hills and 7.3 percent in the mountains (Joshi, 2018).

In Nepal, more than 80 percent of population is depending on agricultural profession. In other words, 80 percent people have got employment opportunity in agriculture sector.

It is associated with low production, low income, low saving, low economic growth etc. Geographically, most of the area consists of hilly and mountainous regions. Various programs intended to reduce deep rooted poverty have been identified and implemented in the targeted areas of the country. One of them is agricultural production and distribution. The growth of overall agriculture production is estimated to limit within 2.6 percent (Economic survey, 2019/020). The agricultural sector continues to contribute, on average 27.6 percent in GDP. In year of FY 2016/017, the contribution of the agriculture and non-agriculture sector to GDP was 28.8 percent and 71.2 percent, respectively (Poudel, 2020). Whereas 21.2 percent, and 78.8 percent in FY 2018/019 (Economic survey, 2019/020). It has changed some structure of agriculture and non-agricultural sector in the comparison of last fiscal year. It indicates the growth of the agricultural sector to GDP has increased annually. Likewise the increment of agricultural, industrial and service sector in GDP is near about 32.7 percent, 20.3 percent and 36.3 percent in the year of 2019/020 respectively (Economic survey, 2019/020). The per capita income is increased by 7.5 percent compared to last fiscal year. The per capita income of Nepalese is 1085 USD in the year of 2019/020 (Economic survey, 2019/020).

According to the population composition of Nepal, about 0.5 million persons entered into the market every year that may be skilled or semi-skilled. Out of them more than two third are engaged in agricultural sector. According to latest labor force survey, the unemployment rate of Nepal is 2.3 percent and youth underemployment rate is 35.8 percent. It shows, the contribution of agricultural sector is increasing day by day and more people are absorbed by this sector but it has lowest productivity, low production, low income, and low margin. Near about 16.67 percent of population are under poverty line (Economic survey, 2019/020). They are deprived from health, education, foods, and shelter and institutional financial services. We don't have adequate and trained human resources, capital resources, technical skills, effective education systems, committed and visionary politician, professional agricultural systems and geographically landlocked.

This land locked country is situated between the two countries, India and China. Nepal is behind in the development process. Nepal Occupies 0.03 percent land of the world and 0.3 percent of Asia. The National slogan of Nepal is "Prosperity Nepal and Happy Nepali" by the means of agriculture, health, education and social and economic inclusion for sustainable economic development activities. The process of industrialization is very low to meet the economic growth and substantial development of the country.

Now a day's people in the country are still suffering from post-earthquake scenario and COVID-19 pandemic. There is financial as well as social inequality among the people. Economic development is a top priority for the developing countries. It is regarded as an effective means for raising the living standards, creating the material foundations for national identity, self-reliance, self-respect and providing a better quality of life for the citizens. The goal of economic development, however, cannot be realized automatically (Agrawal, 1974). In this respect, the government has to established effective economic development plan and strategy and invests a lot of money for implementation of national development plan.

As per the NRB directive all commercial bank have to lend at least 15% of their loan portfolio but they are not fulfilling that compliance. It is one of the least urbanized and poorest countries in the world. More than 76 percent (Economic Survey, 2010/2011) of the total households are agricultural households. So, Agriculture is considered the source of economic activity of the country. Ironically, of the total area of the country, only about 16 percent is under cultivation while the productivity of agriculture is one of the lowest and the food production is inadequate to meet the demands of the country. Over and above, the country is compelled to face challenges such as poverty, unemployment, underemployment, low income, inequality, hunger, gender discrimination, malnutrition, starvation etc. The study aims to find out situation of agricultural finance in Nepal. Up to now, there is limited research for road map for agricultural finance for commercialization of agricultural products.

Review of Related Literature

This chapter is concerned with review of literature relevant to the topic: Role of agricultural finance for employment creation and income generation. The purpose of reviewing of literature is to develop some expertise in one's area, to see what new contributions has been made and to receive some ideas for developing or research design. Thus, previous studies cannot be ignored as they provide the foundation of the present study. Thus this chapter highlights the literature that is available in concerned subject as to the researcher knowledge, research work and relevant study on this topic, review of journals and articles and review of this work performed previously.

Nepal has systematically pursue a supply leading approach to increase agricultural credit. The objective has been to replace moneylenders, relieve farmers of indebtedness and to achieve higher levels of agricultural credit, investment and agricultural input. The central bank of Nepal also has regulated to BFIs, 15 percent compulsory investment in agriculture sector out of their total loan portfolio (NRB, 2020/2021).

Izekor and Alufohai (2010) has conducted an assessment of cooperative society's effectiveness in agricultural credit delivery in Ikopoba Okha local government area Edo state in Nigeria. They identified the socio economic characteristics of the cooperative society's access to cooperative agricultural credit and effectiveness in credit delivery. They were collected primary data with well-structured questionnaire and distributed to officials of cooperative and involved in cooperative activities too. They find out that high level of farmer's access to agricultural credit from cooperative societies as well as the effective delivery mechanism with zero ideal time because of cooperative minded persons, common economic goal and mutual interest characteristic of cooperatives.

Adesugba and Mavrotas (2016) has presented papers on "Youth employment, agricultural transformation, and rural labor dynamics in Nigeria." They concluded structural change in economies, agricultural transformation, policies for enhancing youth's employment, focusing in agricultural modernization and commercialization plays significant role in youth employment. They recommend visionary policy intervention for job creation in agriculture and employment to the government for current youth underemployment and underdevelopment challenges in Nigeria.

Das, Senapati, and John (2009) has conducted impact of agricultural credit on agricultural production on four selected states namely Maharashtra, Andhra Pradesh, Punjab and West Bengal belonging to four different regions in India. They collected primary data with structured questionnaire with panel regression approach. They examined the role of direct and indirect agricultural credit in the agricultural production taking care of the regional disparities in an economic framework. They explored that direct agriculture credit has a positive and statistically impact on agricultural output and its effect is immediate and agricultural credit is still playing a critical role in supporting agricultural production in India. Golait (2007) has analyzed the current issues in agricultural credit in India. He explored cooperative banks in India plays an important role and vital institutions for rural financing. He concluded that current credit delivery systems to the agricultural sector is to be inadequate, so that poor and marginalized people are untouchable therefore, new innovation in agricultural financing, product design, delivery systems needs to restructuring. He further advised concerned authority, to increase flow of agricultural credit, to restructure the outstanding debt of the farmers, to rescheduled agricultural loan, to wave margin of agricultural loans and to relief from over-indebtedness and heavy burden of debt of poor farmers of India.

Agricultural systems which is directly linked with the issues of land, labor, changing social, cultural, geographic and environment specificities, migration, urbanization, food impact, land distribution etc. needs to be improved (Poudel, 2020). He further focused agricultural occupation has greater impact in social, economic, educational, employment, migration, urbanization, livelihood and national prosperity. Agriculture plays an important role in economic development, particularly in the developing economies. In addition to ensuring food and nutritional security, the sector does not only serve as the major source of rural employment and backbone of rural economies, but also contributes substantially to export earnings in developing economies (Anik, 2017).

Research Gap

COVID- 19 cases in Nepal started increasing since 23rd January, 2020 and all the economic activities are locked as a result of nationwide lockdown. All levels of business are nonoperational because of COVID-19 crisis. As a result millions of jobs are affected, and many businesses have to be shut down permanently. Due to the current pandemic situation all the small and medium size enterprises are also somehow closed. Due to this situation, they are thinking permanently close or stop for short run. They don't have any future plan for further operation and management in this situation. Globally and historically, it is a very bad situation in the economy. Internationally and nationally many people have lost their job. Although, near about 4 million jobs are created through agricultural, industrial and service sectorial intervention by the government (World Bank Report, 2018). In Nepal during the period of last ten years (2008-2018) 46.33 percent are wages based job and 53.67 are non-wages based jobs are created (World Bank Report, 2018). Traditional agricultural profession is going to transform modern industrial and service economic form, which is positive indication of economic development of the Nepal.

Even though, during this pandemic situation all the labor forces are directly affected in national and international level. Migrant's labor forces are gradually returning from Malaysia and other Middle East countries. The estimated figure may be around 4.5 million labor forces they directly unemployed and this situation may deconstructed our economic and social systems.

Table 1

Total migrant people returned from aboard

S.N.	Countries	Returned	Total
1	Oman	1981	1981
2	Qatar	18165	18165
3	Kuwait	6945	6945
4	Malaysia	15318	15318
5	UAE	30920	30920
6	Saudi Arab	16273	16273
7	Bahrain	1339	1339
8	South Korea	1811	1811
	Total	92752	92752

(Note: COVID Crisis Management Committee, Government of Nepal, Jan - 03, 2020)

From the above table 1 mentioned in section 3 shows that total 92,752 people has returned to Nepal from different mentioned countries in COVID crisis period of time. Out of them 1,981 have returned from Oman, 18,156 people from Qatar, 6,945 from Kuwait, 15,318 from Malaysia, 30,920 from UAE, 16,273 from Saudi, 1,339 from Bahrain and 1,811 from South Korea (COVID Crisis Management Committee, government of Nepal, Jan - 03, 2020). This scenario is only from Malaysia and Middle East country excluding India. Including India, approximately 4.5 million people are affected and lost their job. This is the very critical situation in Nepal. In this context to adjust them in society by creating new employment opportunity for social systems are very challenges. In this context, there is no other alternative way to engage in society for migrants labor forces. Hotel, restaurant, business, travel and ticketing, auto mobile, small and cottage industry are also directly affected by COVID-19 crisis.

Although, the government of Nepal has been introducing and implementing a numbers of agricultural development policies and programs but entirely they are less focusing on the farmers. Youths and skilled migrant's people are lifted in agricultural facilities, employment opportunities, governmental assistances and soft credit from bank and financial institutions. So that, they are re-thinking back to India, Malaysia, Middle East. Inadequate finance has remained the most limiting problem of agricultural production. This is because capital is the most important inputs in agricultural production and its availability has remain a major problem to small scale farmers who account for the bulk of agricultural produce in the country. In Nepal, credit has long been identified as a major input in the development of the agricultural sector. Credit is considered as catalyst that activates others factors and activities.

In spite of the importance's loan in agricultural production and new employment creation, its acquisition is very difficult. There is still gap how to manage migrant's youths people effectively in economically and socially settlement in society.

Table 2

Total import situation of foods and vegetables in Nepal

		(Rs. In million)			
S.No.	Products	F.Y. 2076/077 (2019/020)		F.Y. 2077/078 Ist Qtr. (2019/020)	
		Amount	Quantity (Ton)	Amount	Quantity (Ton)
1	Rice	6305.61	142974	13582.48	346161
2	Maize	3817.35	108208	5551.78	222386
3	Wheat	227.9	70722	5600.63	175866
4	Green Vegetable	61.48	4667	109.3	7393
5	Palm oil	5209.84	60207	11065.49	117572
Total		15622.18	386778	30357.91	471126

[Note: Ministry of agricultural development and livestock, Govt. of Nepal, 2019/020]

From the above table 2 mentioned in section 3 shows the data of total import situation of food and vegetables in Nepal. In the year 2019/020, Nepal has imported total of 386778 ton of foods which has increased to 471126 tons by the first quarter of fiscal year 2019/020. The records shows 142974 tonnes of rice import in year 2019/020 which has increased by more than double in first quarter of FY 2019/020. Maize import in 2019/020 was 108208 tonnes which has increased to 222386 tonnes. Wheat import which was 70722 tonnes in 2019/020 is now increased to 1,75, 866 tonnes (Ministry of agricultural development and livestock, Govt. of Nepal, 2019/020).

The economic survey has said that there are 4.7 million youths working abroad, among them 4.5 million are male and 0.2 million are females. The survey even says that 74.5 percent of employed in foreign lands are unskilled. If we can provide them vocational training and technical education in home country they can easily invest their blood in home country than minimized unemployment. More than two third people are engaged in agricultural occupation but we don't have sufficient production of foods, milks, fish, meat, and fruits, vegetable. The recent import of food items into the country to make up for the short falls in supply is a dangerous indication. We have imported foods amount of Rs. 40820.0 million, more than amount of Rs. 1780.0 million for fish and meat likewise Rs. 25,500.0 million (Economic survey, 2019/020). The study is first of kind in Nepal. So, the researcher will have to depend mainly on daily papers, governmental agricultural policy and own knowledge and limited literature.

Objectives of the Study

The main objectives of this study is to examine the current policy of agricultural

financing in Nepal for rural youth's employment. The others specific objective of the study areas are as follows;

1. To analyze present status of agricultural credit in Nepal.
2. To analyze the role of agriculture credit for rural youth employment.
3. To examine prospects of agricultural credit in Nepal.

Methodology

This research paper is mainly descriptive research design. The researcher is trying to find out role of agricultural credit for rural youth employment particularly migrants from abroad, affected by COVID-19 pandemic. The researcher is trying to give way out of affected people for employment creation by attracting them in agricultural occupation through agricultural credit and technical support by review of current agricultural financing policy and employment.

The government of Nepal gives high space in agricultural sector through periodic plan, Agricultural perspective plan (1995-2015) and agricultural development strategy (2015-2035) also going on for 20 years (Poudel, 2020). Likewise Prime Minister Agriculture modernization project has been implementation as supplementary project of agricultural development strategy to promote agricultural entrepreneurship (Poudel, 2020). On the other hand, Sana kisan laghubitta bittiya program, agriculture credit from BFIs, PMAMP, YETI project and other linked programs has been launched for agricultural modernization and new employment creation.

Prime Minister agricultural modernization program (PMAMP)

Prime Minister agriculture modernization programs (PMAMP) has been implemented by ministry of agriculture, the government of Nepal. The duration of this project is 10 (2017-2026) years. Under this project, small agriculture commercialization production center (Pockets) has been operated by provincial government. Similarly, small agriculture production and processing (Zone) and large agriculture production and industrial center (Super zone) are operated through federal government too. In this program, the government of Nepal has allocated budgetary figure Rs.11.60 billion for commercialization and modernization of agricultural sector of Nepal in FY 2020/021. Under this program approximately 0.2 million new employment opportunity will be create in labor market.

Sana Kisan Laghubitta Bittiya program

Sana Kisan Laghubitta Bittiya Program for new employment creation is initiated by the government of Nepal for easy access of financial program to small holder farmers. This program was declared by government through governmental budgetary announcement in FY 2018/019. This program will lunch by Sana Kisan Laghubitta Bittiya Sanstha Ltd as wholesale lending microfinance institution as "D" class Sami government owned financial institution. They provide wholesale loans to small farmer's agriculture cooperatives (as known as SFCLs) and enhance institutional capacity. Under this program approximately 0.04 million additional employment will create in market.

Productive credit from Banks and Financial Institutions (BFIs)

Banks and financial institutions (BFIs) has been investing money as a loan in various sector such as agriculture, transportation, communication, import and export, trade, industrial activities, SMEs, service sector, auto mobile and others loan product designed by bank. Bank has financial institution regulated by Nepal Rastra Bank the central Bank of Nepal. BFIs have been bearing social and institutional responsibility by providing loan in productive sector. Productive sector loan generate income and create an employment opportunity in labor market. For the creation of new employment opportunity the central bank regulate the BAFIs to compulsory investment in agriculture, energy and SMEs. The government of Nepal also expects new employment opportunities through bank and financial institutions by providing more privilege credit to needy people. As per the NRB unified directive all commercial bank have needs to lend at least 15% of their total loan portfolio in agriculture sector on July 2023. In the other hand, development banks need to cover agriculture, energy and SMEs in 16 percent, 17 percent, 19 percent and 20 percent of total loan portfolio respectively in allocated fiscal year (NRB, 2019/2020). Similarly, “C” class also needs to lend in agriculture, energy and SMEs of their total loan portfolio 11 percent, 12 percent, 14 percent and 15 percent respectively in mentioned directive year.

Prime Minister employment program (PMEP)

The implementation of the Prime Minister Employment program (PMEM) is primarily the responsibility of the local levels. This program has been initiated by federal government of Nepal with the aim of creating new employment opportunities in rural areas. This program will operate through federal, provincial and local government by public construction and labor based technology. Under this program amount of Rs.11.60 billion were allocated by the budgetary program. As part of the response to COVID- 19, the government of Nepal has expanded the coverage of the PMEP to reach 0.2 million unemployed individuals this fiscal year which includes those most affected by the pandemic, particularly unemployed migrants and returns from abroad.

Youth employment transformation initiative (YETI) Project

The youth employment transformation initiative (YETI) project is initiated by the Government of Nepal and World Bank. This project is financed by the World Bank to promote domestic employment, the project will enable poor access to employment, skills development and capacity building opportunities. This programs focus on improving employment services and labor market outcomes, especially for youth. The implementation of the youth employment transformation initiative projects is primarily the responsibility of the local government. Funds allocated to the local government under the YETI project were sent to all the 753 local levels as conditional grants include financing for cash benefits for 100 days of work to 100 of the most vulnerable unemployed in each local level. The project also supports the addition of capacity in each employment service Centre for which the process to hire project-financed technical assistants has started at the local levels.

Results and Discussion

Agricultural profession is only one way for proper management of unemployed labor forces return from abroad by attracting them in agricultural production, distribution, marketing, processing, and storage and agro business activities. Agricultural productivity and increase in agriculture production educated youths people needs to be activate in this sector with modernization, commercialization and mechanized. Agricultural sector needs more financial investment for fixed and working capital for irrigation, seeds, harvesting, farming, and chemical fertilizer and labors.

Effective mechanism for agricultural financing

For the assurance of agricultural finance the following provisions and mechanism needs to established from the side of government and related authority.

i. Investment in agricultural infrastructure

Infrastructure is an essential part of agricultural development. There are major constraining the adoption of new technological practices, land improvements and building up of irrigation and marketing infrastructure has been the inadequacy of farming investment. The government of Nepal needs to invest in agricultural infrastructure. Such infrastructure should focus on power supply, irrigation, fertilizer, seed supply, transportation, infrastructure and health service to improve the agricultural productivity and prospects for job creation in Nepalese agricultural sector.

ii. Diversification of the agricultural economy : eco-systems development and value chain

Agricultural eco-systems is a part of value chain which directly involved in production, processing, distribution, transportation and supply of agricultural products and sub- products which are an important and grater prospects of job creation. The components of agricultural eco-systems are producer, dealer, supplier (transport) and ultimate users. Therefore, effective agricultural eco-systems ensure that systematic distribution of agricultural products and lead employment for youths. Government should improve the each unit of value chain through various programs.

iii. Management of agricultural input

Agricultural inputs directly affect the productivity of agricultural products. There is a significant relationship between agricultural inputs and production. An appropriate management of agricultural inputs is essential for commercial farming of agriculture. Therefore, the government of Nepal should ensure agricultural inputs and technical support to agricultural sector.

iv. Reliable insurance service systems in agriculture

Agricultural profession is less productivity, low income, less commercialized and high risky profession in nature. More people are absorbed in the agriculture sector but have low productivity. There is no guarantee of markets of agricultural products. Likewise, Insurance

companies are also less interested. Therefore, reliable and quality insurance service needs in agricultural sector in order to attract the finance.

v. Favorable policy in agriculture

There should be an appropriate policies and programs for the overall development of the agricultural sector. The government of Nepal should be categorized commercial farmers and livelihood oriented farmers based on size of productions. Government should issue identity cards for farmer which can be important instrument in executing the governmental policies and programs at the grassroots level. It helps to get them financial loans and grants and the technical facilities provided by government. The government of Nepal needs to replace agriculture into competitive, reputable and commercialized occupation as per the youth's preferences sector by creating conducive environment.

vi. Policy of more priority to agriculture through credit

The government of Nepal needs to make policies for banks and financial institutions (BFIs) to invest at least 30 percent in agricultural out of their total loan portfolio through policy. It may assure the fulfillment of demands of the agricultural credit.

vii. Improvement on data collection and research

Agricultural research and surveys is an essential for the innovation of agricultural production, processing and marketing. For the commercialization, modernization and innovation of agro business, research institutions needs to re-enhance their capacity and professional values. Data bank for agriculture sector should be developed. Similarly, the government should give priority in the development of agro technology.

viii. Special scheme for youth people

The COVID-19 pandemic has become a significant liability to the national and international economy. It has strained the financial strength of organizations, individuals and the government as well. The Nepali migrants returned from abroad have too suffered heavily with mass unemployment and business closure. After the COVID-19 pandemic hit the global economy, millions of Nepali migrant's workers returned home by air or land. Approximately 4.5 million youths are affected and lost their job. Therefore, the government should introduce special agro scheme for youth's in order to use their skills and knowledge and retained them in home country permanently.

ix. Proper coordination mechanism among stakeholders

Agricultural profession is multi stakeholders sector. Farmers, public and private sector are working together. There should be proper coordination among the stakeholders which can ensures stable and sustainable agricultural production, distribution and consumption. Therefore, federal government, local government, banks and financial institutions (BFIs) and private sector should have good coordination for commercialize and modernize of agriculture and replace its import business.

Agricultural credit and rural youth employment has an effective relationship. The more number of employment can increase through agricultural modernization, commercialization and replace agriculture in to competitive occupation. For modernization of agricultural occupation, financial support can plays significant role. The livelihood of smallholder farmer can be increased through technical and financial support. If financial access cannot improve through institutionally in this sector, commercialization of agricultural occupation will be not being improved expected level. It will create serious challenges proper settlement of fully and partially unemployed youth people. Therefore, it draws the major attention for agricultural modernization and unemployment situation globally and nationally. To increase employment for rural youth agricultural credit and farmers needs centric. For the commercialization of agricultural sector both private and governmental sector can plays equal role. Therefore the government of Nepal needs to create favorable environment for technical and financial support to them. Agricultural occupation has greater impact in social, economic, educational, employment, migration, urbanization, livelihood and national prosperity.

Agricultural systems which is directly linked with the issues of land, labor, changing social, cultural, geographic and environment specificities, migration, urbanization, food impact, land distribution ((Poudel, 2020) which is similar with my conclusion. Agriculture credit has a positive and statistically impact on agricultural output and its effect is immediate. Agricultural credit is still playing a critical role in supporting agricultural production in India (Das, 2009). This conclusion is similar line with my findings in Nepalese context. Structural change in economies, agricultural transformation, policies for enhancing youth's employment, emphasized in agricultural modernization and commercialization plays significant role in youth employment (Adesugba and Mavrotas, 2016). This findings is same line with my findings.

Conclusion

Agriculture is backbone of rural Nepalese people. It is an associated with low production, low productivity, low income, low saving, low economic growth and high risky etc. A large proportion of the population in Nepal is rural based and depends on agriculture for living. Enhanced and stable growth of the agriculture sector is important as it plays vital role not only in generating income but also through its contribution to price stability. Three main factors that contribute to agricultural growth are increased use of agriculture inputs, technological change and technical efficiency which needs huge fund for investment. Agricultural credit has been occupying an important place in the strategy for development of agriculture.

The government of Nepal has been introducing and implementing a numbers of agricultural development policies and programs but entirely less focusing on the farmers. The government of Nepal should create favorable environment for agricultural profession by introducing conducive policies and programs. The government has introduced various program such as: Sana Kisan Laghubitta Bittiya program, agriculture credit from BFIs,

PMAMP, PMEM, YETI project and other linked programs for agricultural modernization and new employment creation which should be focuses on particularly migrant's youths people returned from abroad. The youth employment issues are an important part of the current agricultural policy agenda of the elected federal government of Nepal. We have favorable climate in agricultural production such as commercial fruits such as: banana, apple, mango, avocado, commercial vegetable, commercial livestock for milk and meat production, poultry farming and tea and coffee farming. Agricultural profession is only way for proper management of unemployed labor forces returned from abroad by attracting them in agricultural activities. They are returned home country with certain technical skills and knowledge. To attract bank and financial institutions (BFIs) for agricultural lending, the government should invest in agricultural infrastructure, value chain, management of agricultural inputs, reliable agro insurance schemes, conducive policies for agricultural development, effective policy for agricultural credit, research and development, special schemes for youth's people and protect from economy reception and depression. Agricultural sector can be commercialized through financial support of migrant's youth's people returning from abroad with certain technical skills and knowledge. Agricultural sector is more viable sector to attract youths to rebuild their lives by supporting them with soft agriculture credit and technical assistances too. Agriculture sector can reduce the negative effect of Covid-19 by investing on agriculture sector and make high level of production. Since, microfinance institutions have larger branch network, larger amount of remote population have the access to finance services. These services can reduce poverty in remote areas by investing on agriculture sector and creating jobs in local market. Agricultural credit has been occupying an important role in the strategy for development of agriculture. The results of the study will benefit policy makers, economist, and bank and financial institutions (BFIs).

This study proposes a synergetic conceptual framework on the general relationship between agricultural credit and rural youth's employment. This study is based on the conceptual lenses, past literature, the logical explanation and best practices and my work experience. The next step is to test if the proposed conceptual framework and the propositions are academically legit and empirically supported.

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