

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:1155
ANSWERED ON:29.11.2006
INDEBTEDNESS IN RURAL URBAN AREAS
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Will the Minister of PLANNING be pleased to state:

- (a) the per capita indebtedness in rural and urban areas in the country as on date, State- wise and the reasons therefor;
- (b) the interest amount paid thereon during the last three years and the current financial year till date; and
- (c) the measures adopted by the Government to reduce it?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a): The National Sample Survey Organization (NSSO) has conducted a survey to assess the household assets and liabilities in the country called 'All-India Debt and Investment Survey' in its 59th Round (January-December, 2003) and released a Report entitled 'Household Assets and Liabilities in India (as on 30.06.2002)' – (Report No.500). The State- wise and all India average debt per household in rural and urban areas are given in the Annexure. This data is not available on per capita basis, as the Survey assesses the incidence of indebtedness for households and not individuals.

In rural areas 41% of loans are taken for farm business and 35% for household expenditure. In urban areas, 55.4% of the borrowings by households are for household expenditure and 19.7% is used for non-farm business.

(b): The data on interest amount paid on debt taken by households is not available. However, as per the Report No.501 entitled 'Household Indebtedness in India as on 30.6.2002' released by the NSSO, as on 30.6.2002, nearly 8% of rural households had cash debt carrying no interest rate, 2% of the households had total cash debt outstanding carrying less than 6% interest rate, 3% of the households had total cash debt outstanding carrying 6 to 10% interest rate and the rest of them had total cash debt outstanding carrying over 10% interest rate. For urban areas, 10% of the households had cash debt carrying no interest rate, 3% of the households had total cash debt outstanding carrying less than 6% interest rate, 9% of the households had total cash debt outstanding carrying 6 to 10% interest rate and the rest of them had total cash debt outstanding carrying more than 10% interest rate. The NSSO has been conducting the 'All-India Debt and Investment Survey' once in approximately ten years. As such, the estimates for current financial year and the last three years are not available.

(c): The Government has adopted various measures to reduce the burden of debt for the population like promoting institutional lending to reduce the exploitation by moneylenders charging exorbitant interest rates, priority sector lending for agricultural sector, promoting major initiatives for micro finance and linking of Self Help Groups to the formal banking sector for financing farm production and investment activities. A number of poverty alleviation programmes are also being implemented by the government, both in rural and urban areas, which cater to the needs of the financially excluded.