

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:257

ANSWERED ON:19.11.2007

RESTRUCTURING OF AGRICULTURAL LOANS

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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether there is an outstanding loan of one lakh seventy five thousand crores against the farmers of the country;
- (b) if so, whether the Government has taken steps to waive off their loans keeping in view the helpless conditions of the farmers;
- (c) whether the agricultural loans should be structured in a manner similar to other lines of business so that farmers could be benefited;
- (d) if so, the details thereof and whether the Government is seriously considering to restructure the farm loans;
- (e) what is the total loan amount so far distributed among the farmers during 2006-07 by nationalized banks;
- (f) to what extent it has proved helpful to the farmers;
- (g) what are the steps being considered to provide further liberalized loans to farmers; and
- (h) whether the Government proposes to bring down the rate of interest to four percent or less for purchasing tractors and other agricultural equipments?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a): The estimated outstanding agricultural loans as on June 2006 is Rs.232343 crores.

(b): No, Sir..

(c) & (d): Government of India has announced a farm credit package in June 2004 which, inter-alia provides for restructuring/re-scheduling of outstanding loans of farmers in distress and in arrears and a special one-time settlement scheme for old and chronic loan accounts of small and marginal farmers to make them eligible for fresh credit.

(e) & (f): For the year 2006-07, Public Sector Banks have disbursed loans of Rs. 1,22,442.50 crore to agriculture sector under special agricultural credit plan. The increased credit flow has resulted in higher level of capital formation in farm sector and also increased purchasing power of farmers for farm inputs and implements.

(g): Details are annexed.

(h): No, Sir.

Annexure

The Government of India has, in recent years, in consultation with the Reserve Bank of India and NABARD, initiated several measures for providing loans to farmers. Some of the important measures are given below:

1. Banks have been advised to simplify the procedure for documentation for agricultural loans ;
2. Effective from Kharif 2006-07, the Government has lowered the interest rates on crop loans to 7% with an upper limit of Rs. 3 lakhs on the principal amount. It has been decided to continue this policy for the year 2007-08 also;
3. Loans upto Rs. 50,000/- have been made collateral and margin free ;
4. Banks have been advised to provide all eligible farmers with Kisan Credit Cards to enable them to have hassle free access to credit.
5. Under Agri Clinic and Agri Business Centre Scheme, credit linked capital subsidy @25% of the capital cost of the project is funded through banks. The scheme has been envisaged with a view to provide extension and other services to farmers on payment basis.

The subsidy would be 33.33% in respect of candidates belonging to SC/ST, women and other disadvantaged sections and those from North Eastern and Hill States.

6. To improve the outreach among the poor and the informal sector, the SHG-Bank linkage programme was intensified, particularly in 13 priority States namely Assam, Bihar, Chhatisgarh, Gujarat, Himachal Pradesh, Jharkhand, Maharashtra, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, Uttranchal and West Bengal with vast majority of the rural poor. Banks have also been advised to finance Joint Liability Groups and Tenant Farmers' Groups ;

7 As part of the measures announced by the Reserve Bank of India for financial inclusion, banks have been advised to open "No Frills" accounts and issue simple overdraft facility against such accounts. Banks have also been advised to issue General Credit Cards upto Rs. 25,000/- without insisting on security and end use of funds ;

8. Banks have been advised to undertake, on a pilot basis, 100% financial inclusion in at least one district in each State. Based on the success of the pilot, the State Level Bankers Committee in the States will draw a time bound plan for achieving 100% financial inclusion in other districts of the State ;

9. To improve the financial outreach, detailed guidelines for Banking Correspondent/Banking Facilitator models have been provided to banks ;

10. In order to examine the issue of financial exclusion in greater depth and to suggest measures for promoting financial inclusion, the Government of India had appointed a Committee on Financial Inclusion under the Chairmanship of Dr.C. Rangarajan. Based on the interim recommendations of the Committee, Government has announced creation of two funds, i.e., Financial Inclusion Fund and Financial Inclusion Technology Fund in the Union Budget for 2007-08.