

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:754
ANSWERED ON:17.08.2007
CREDIT FACILITY FOR FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that out of the 89.3 million farmers households in the country, 51.4% had no access to credit either from institutional or non-institutional sources;

(b) if so, the details thereof; and

(c) the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : As per the Report published in 2003 on the `Indebtedness of Farmer Households` (as part of Situation Assessment Survey of Farmers - 59th Round) by NSSO, Ministry of Statistics and Programme Implementation, out of 89.35 million farmer households, 43.42 million (48.6%) were reported to be indebted. Resultantly, 51.4% of the farmer households had no access to credit from any source - institutional or non-institutional.

(c) : The Government have initiated a number of steps for facilitating financial inclusion. Some of the important steps are:-

Banks have been advised to make available a basic banking `no frills` account either with `nil` or very low minimum balances.

Norms, for opening `no frills` account, has been simplified.

Regional Rural Banks have been advised to allow limited overdraft facilities in `no frills` accounts, without any collateral.

Small borrowers with loans settled under the one time settlement scheme have been made eligible to access fresh credit.

Issuing of General Credit Cards to eligible beneficiaries without insistence on security, purpose or end use of credit.

Banks have been permitted to utilise the services of Non-Governmental Organisations, Self Help Groups, Micro Finance Institutions and other Civil Society Organisation as intermediaries in providing financial and banking services.

All State Level Banker's Committee convenor banks have been advised to initiate action for identifying atleast one district in their States/Union Territories for 100% financial inclusion. In many States, SLBCs have identified and taken steps to cover a larger number of districts for 100% financial inclusion.

Banks have been urged to scale up IT initiatives for financial inclusion.