

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2543
ANSWERED ON:12.03.2010
CREDIT TO FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether more than 50 per cent of farmers do not have access to credit from any financial institution; and
- (b) if so, the details thereof and the corrective action taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): As per National Sample Survey Organisation (NSSO), Situation Assessment Survey of Farmers, 2003, the distribution of debt from Institutional and Non Institutional sources was 57.7% and 42.3% respectively.

Several steps have been taken in the past to reduce the dependence of the farmers, especially the small and marginal farmers on non institutional sources of credit, these inter-alia include:

(i) On 18 June 2004, the Hon'ble Union Finance Minister announced doubling of agricultural credit during the next three years. The target set for doubling of agricultural credit was achieved well within the time limit prescribed by Government of India (GoI).

(ii) All Scheduled Commercial Banks and Regional Rural Banks (RRBs) have been advised to achieve the target of additional 250 rural household accounts in each of their rural and semi urban branches every year.

(iii) The Government of India provides interest subvention on short term crop loans to Public Sector Banks, Regional Rural Banks and Cooperative Credit Institutions on their own funds in order to provide credit to farmers @ 7% for loans upto Rs.3 lakh and concessional refinance is given by National Bank for Agriculture and Rural Development (NABARD) to RRBs and Cooperative Credit Institutions (CCIs) upto a credit limit of Rs. 3 lakh per farmer account so that farmers receive such loans @ 7% per annum. An additional subvention of 1 per cent as an incentive, given to those farmers who repay their short-term crop loans on time, has been provided by Government of India in 2009-10.

(iv) The budget speech 2010-11 proposes the continuance of the interest subvention scheme for the year 2010-11 as well. Further, an additional 2% interest subvention is proposed to prompt repaying farmers. Thus credit will be available to these farmers at 5%.

(v) Banks have been advised to make available a basic banking "No Frills" account either with 'nil' or very low minimum balance. Norms for opening "No Frills" account have been simplified.

(vi) Banks have been advised to issue General Credit Cards to eligible beneficiaries without insistence on security, purpose or end use of credit.

(vii) The Finance Minister, in his Budget Speech for 2008-09, announced a Debt Waiver and Debt Relief Scheme for farmers. In the case of small or marginal farmer, the entire 'eligible amount' was waived. In the case of 'other farmers', there was an OTS Scheme under which farmers were to be given a rebate of 25 per cent of the 'eligible amount' subject to the condition that the farmer pays the balance of 75 per cent of the 'eligible amount'.

(viii) Government of India has constituted a Task Force in October, 2009 under the Chairmanship of Chairman, NABARD to look into the issue of a large number of farmers, who had taken loans from private money lenders, not being covered under the loan waiver scheme.