

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3431
ANSWERED ON:13.08.2010
DISBURSEMENT OF FARM LOAN
Dharmshi Shri Babar Gajanan

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government proposes to scrutinize the farm loans disbursed by the public sector banks;
- (b) If so, the details thereof alongwith the reasons therefore; and
- (c) The corrective steps taken/being taken by the Government to bring transparency in disbursement of loans to farmers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (Shri S.S. Palanimanickam)

(a) to (c): Some of the measures taken /being taken by the Govt. of India and Reserve Bank of India to bring transparency in disbursement of loans to farmers and for reducing the problems faced by the farmers in raising the loans are as follows:-

(i) The domestic scheduled commercial banks are required to achieve 18% of their Adjusted Net Bank Credit(ANBC) or Credit Equivalent of off Balance sheet Items(CE) whichever is higher as on March 31 of the previous year under advances to agricultural sector. Out of this, not more than 4.5% should be for indirect finance for agriculture & allied activities.

(ii) Introduction of the Kisan Credit Card(KCC) Scheme to address the credit needs of the farmers in a more holistic manner.

(iii) The Government of India, since 2006-07 is providing an Interest Subvention to all Public Sector Banks, Regional Rural Banks and Cooperative Banks for short term crop loans upto Rs 3 lakh, so as to ensure that short term agriculture credit is available at 7% to farmers. In 2010-11, an additional 2% interest subvention is being provided to those farmers, who repay their short term crop loans timely. Thus the short term crop credit will be available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh.

(iv) the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 de-clogged the lines of credit that were clogged due to the debt burden on the farmers;

(v) Simplification of procedural aspects of farm credit and thereby encouraging the farmers to approach the institutional sources for credit;

(vi) Banks have been advised to dispense with the requirement of "no due" certificate for small loans up to Rs 50,000 to small and marginal farmers, share-croppers and the like and instead obtain a self-declaration from the borrower;

(vii) Banks (including RRBs), being advised that wherever there are difficulties in getting certification from the local administration/panchayati raj institutions regarding the cultivation of crops, etc., they may accept an affidavit submitted by landless labourers, share croppers and oral lessees giving the occupational status (i.e., details of land tiled/crop grown) for loans up to Rs 50,000.

(viii) RBI has advised to banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.