

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:741
ANSWERED ON:12.11.2010
FARMERS IN DEBT TRAP
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Will the Minister of FINANCE be pleased to state:

- (a) whether only 40 per cent farmers of the country are drawing benefits of the loan schemes and the remaining farmers are caught in the trap of private money lenders;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps taken/being taken by the Government to protect farmers from the trap of private moneylenders?

Answer

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

(a) to (c): To ensure that farmers get the benefit of crop loans from banks, the Government of India sets annual targets for the flow of agriculture credit for lending institutions. In the year 2009-10, the Government of India (GoI) had set a target of Rs. 3,25,000 crore. Against this target, an amount of Rs.3,66,919 crore was disbursed to 4.82 crore farmers as agriculture credit. Further, on 31st March, 2010, 93.672 million Kisan Credit Cards involving a cumulative loan amount of Rs.4,26,492 crore have been issued by the banking system in the country. As on March 31st, 2010, public sector banks had provided credit aggregating Rs.575.38 crore under the General Credit Card (GCC) scheme.

Government of India is also providing Interest Subvention to ensure the availability of Short Term Crop Loan to farmers upto Rs.3 lakh at 7% p.a. During 2010-11 an additional 2% incentive subvention is given for timely repayment by the farmers. Thus, the short term credit is available to farmers, who repay timely @ 5% p.a. for loans upto 3 lakh.

Ministry of Agriculture had constituted a Task Force under the Chairmanship of Shri U.C. Sarangi, 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 Agricultural Debt Waiver and Debt Relief Scheme 2008. The Terms of Reference of the Task Force, inter alia, were to suggest measures for covering all categories of farmers more particularly small and marginal farmers, tenant farmers, share croppers and oral lessees within the institutional credit fold to meet their credit requirements in order to reduce their dependence on informal sources and examine and suggest measures for improving effectiveness of Kisan Credit Card (KCC) Scheme. The Task Force has submitted its report in June, 2010.