

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:747

ANSWERED ON:25.02.2011

AGRICULTURE CREDIT

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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken various measures to improve the flow of agriculture credit to bring down interest rates on farm loans to help the farmers in production and productivity and mitigating the distress of farmers; and

(b) if so, the details thereof?

Answer

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

(a) & (b): To ensure that farmers get the timely benefit of crop loans from banks, the Government of India in June, 2004 announced for doubling the flow of credit to agriculture and allied activities in a period of three years commencing from 2004-05 over the amount disbursed during the year 2003-04. This target was achieved in two years. Thereafter, the Government of India has been setting an annual target for the flow of credit to the agriculture sector. The details of targets and the achievement are as under:

(Rs. Crore)

Year	Target	Achievement
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2003-04	-	86,981
2004-05	1,05,000	1,25,309
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	3,01,682
2009-10	3,25,000	3,84,514
2010-11	3,75,000	2,60.446

As on 30th Novemeber, 2010

The Government of India and RBI have taken several measures in order to ensure the proper availability of credit to farmers (including small and marginal farmers) through banks. These include:

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 is available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh.

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

banks have been advised to dispense with the requirement of "no dues" certificates 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.

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.

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