

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1580

ANSWERED ON:04.03.2011

CREDIT TO FARMERS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has directed the scheduled commercial banks to improve their flow of credit to agricultural sector at the rate of 20 per cent per annum;
- (b) if so, the details thereof;
- (c) the details of the number of small farmers belonging to the Scheduled Castes/Tribes and Backward Classes and loans disbursed to them by the Regional Rural Banks during the last three years and the current financial year, State-wise;
- (d) whether the Government has received complaints against the said banks for denial of agricultural loans to the farmers which forced them to raise loans from private money lenders at higher rate of interest;
- (e) if so, the details thereof and the action taken on such complaints alongwith the achievements thereon; and
- (f) the other corrective steps 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): The Government of India had in 2004 announced a package 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. The target was however achieved in two years. The set targets for agriculture credit has been achieved each year thereafter, by the banking system. The target for the flow of agriculture credit was set at Rs.3,25,000 crore for the year 2009-10. Against this target the Banking system provided Rs.3,84,514 crore as credit in 2009-10. For the year 2010-11, the target has been fixed at Rs.3,75,000 crore, against which the Banking system has already provided Rs.2,91,142 crore as credit as on 31st December, 2010. The Government of India has set the agriculture credit flow target for the year 2011-12 at Rs. 4,75,000 crore. The target for the year 2011-12 is thus, 26.67% higher than the target fixed for the previous year. Banks have also been asked to step up direct lending for agriculture and to increase credit to small and marginal farmers.

The details of target and disbursement to agriculture by the scheduled commercial banks for the last three years and current year are furnished below:

(Amount in Rs. crore)

Year	Target	Achievement
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2007-08	1,50,000	181,087.61
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2008-09	1,95,000	2,28,951.31
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2009-10	2,50,000	2,85,799.73
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2010-11	2,80,000	1,90,296.61#
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(Source: NABARD) # till Nov 2010

Further, Government of India has advised the Chief Executives of the Public Sector banks to monitor the increase in loans extended through the Kisan Credit Card (KCC) route so as to ensure an increase of 20% in the number and a 20% increase in amount during the financial year 2010-11 under the KCC scheme.

(c): Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have reported that the specific information as sought, is not compiled in the present information system. However, the State-wise number of farmers belonging to SC/ST who have been provided loans under KCC by Regional Rural Banks upto 31st March 2010 since inception is furnished in the Annex.

(d) & (e): Complaints of various types, including complaints on agriculture lending by banks are received by the Government from time to time. These are immediately forwarded to the concerned Bank for redressal as a suitable mechanism exists in all banks for receiving and addressing such complaints from customers/ constituents. This mechanism lays specific emphasis on resolving such complaints fairly and expeditiously, regardless of their source. Further, to ensure that the complaint redressal mechanism is effective and for strengthening customer services, the Reserve Bank of India (RBI) has issued instructions to all banks for putting in place a four tier institutional arrangement consisting of (i) Customer Service Committee of the Board, (ii) Standing Committee of Executives on Customer Service, (iii) a nodal Department/Office for customer service at the Head Office and Controlling Offices and (iv) a Customer Service Committee at the branch level.

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

As per the extant guidelines on lending to priority sector, scheduled domestic commercial banks are required to achieve 18 per cent 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.

In order to provide hassle-free crop loans to farmers, NABARD issued guidelines in August 1998 in respect of KCC Scheme. It had revised the scheme in 2004. The revised scheme covers term credit as well as working capital for agriculture and allied activities, and a reasonable component for consumption needs.

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 in time. Thus the short term crop credit is available to prompt payee farmers @ 5% p.a. for loans upto Rs 3 lakh. Similarly, for the year 2011-12 the Interest Subvention Scheme proposes to provide prompt repaying farmers short term crop credit @ 4% p.a.

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;

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;

Banks (including RRBs), have been 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 to banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.