

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4111  
ANSWERED ON:26.08.2011  
SOURCE OF CREDIT FOR FARMERS  
Reddy Shri K. Jayasurya Prakash

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the 46.9 million farmers in the country, comprising 51.4 per cent of the rural households, do not have any source of credit from formal or non-formal sector;
- (b) is so, the details thereof and reasons therefor; and
- (c) the steps taken/being taken by the Government to avoid such situation immediately in the country; particularly in Andhra Pradesh?

**Answer**

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

(a) to (c): As per All India Debt and Investment Survey of National Sample Survey Organization in 2003, the share of institutional credit which stood at 31.7% in 1971 increased to 61.1% in 2002. The share of money lenders came down from 36.1% in 1971 to 26.8% in 2002.

The Government of India and Reserve Bank of India (RBI) has taken several measures to ensure availability of credit to farmers (including small and marginal farmers) through banks. These include:

# The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payees farmers, i.e., those who repay their loan in time. The additional subvention was 1% in 2009-10 and 2% in 2010-11. This is being increased to 3% in 2011-12.

# 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.

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