

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:966
ANSWERED ON:05.08.2011
FINANCING SMALL FARMERS
Reddy Shri Magunta Srinivasulu

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to finance small farmers through an innovative scheme;
- (b) if so, the details thereof;
- (c) the funds spent so far for the said scheme; and
- (d) the steps taken/being taken by the Government in this direction for the remaining period of the Eleventh Five Year Plan?

Answer

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

(a) to (d): National Bank for Agriculture and Rural Development (NABARD) as part of its innovations for financing small farmers has launched the Joint Liability Group (JLGs) scheme of financing with a view to augmenting flow of credit to farmers, especially small, marginal, tenant farmers, oral lessees, share croppers/ individuals taking up farm/non farm activities.

A Joint Liability Group (JLG) is an informal group comprising of 4-10 individuals coming together for the purpose of availing bank loan on individual basis or through group mechanism against mutual guarantee. The JLG mode of financing serves as collateral substitute for loans to be provided to the target group i.e. small, marginal, tenant farmers, oral lessees, share croppers. The objective of the JLG mode of financing is to provide food security to vulnerable section by enhanced agriculture production, productivity and livelihood promotion. The JLGs can also easily serve as a conduit for technology transfer, facilitating common access to market information, for training and technology dissemination in activities like soil testing, training and assessing input requirements.

NABARD has reported that the cumulative loan disbursed as on 31 March 2011 is of Rs.1,145,29 crore for 1,41,045 JLGs.