

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1067
ANSWERED ON:05.08.2011
CREDIT FACILITY TO FARMERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether only forty per cent farmers of the country avail loan facility from the banks and the rest 60 per cent depend on private money lenders;
- (b) if so, the details thereof alongwith the reaction of the Government thereto;
- (c) whether the Government has taken/propose to take action against the private money lenders for charging exorbitant rate of interest from farmers;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the steps taken/being taken by the Government to enlarge the network of institutional financing for farmers in order to save them from private money lenders?

Answer

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

(a) to (e): During the year 2010-11, against the target of Rs.3,75,000 crore as flow of credit to agriculture, the achievement was Rs.4,46,779 crore. In the year 2010-11, 5.66 crore farm accounts have been financed through Commercial Banks, Cooperative Banks and Regional Rural Banks. There has been an increase of 67,30 lakh farm accounts in the year 2010-11 as compared to 2009-10.

The Government of India has taken several measures for the availability of credit to farmers through banks. These include:

- (i) 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.
- (ii) 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.
- (iii) 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,
- (iv) Reserve Bank of India (RBI) has advised banks to waive margin/security requirements for agricultural loans upto Rs 1,00,000.
- (v) To extend the reach of banking facilities to the rural hinterland, banks have indentified approximately 73,000 villages with population of more than 2000 to provide banking facilities by March, 2012. Banks have reported that they have provided banking facilities to about 29,000 villages by March 2011 and remaining villages are to be covered during 2011-12.
- (vi) As per RBI's extant policy, domestic Scheduled Commercial Banks (other than RRBs) have been granted general permission to open branches/mobile branches(i) in Tier 3 to Tier 6 centres (with population upto 49,999) and (ii) in rural, semi urban and urban centres of the North-Eastern States and Sikkim, subject tn reporting. Banks are required to take prior permission for opening branches only in Tier 1 and Tier 2 centres. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ADEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and tier 6) centres.