

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1914

ANSWERED ON:02.12.2011

CREDIT TO FARMERS

Kateel Shri Nalin Kumar;Mohan Shri P. C.;Pandurang Shri Munde Gopinathrao;Rawat Shri Ashok Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether only 40% farmers of the country are getting the benefits of the institutional loan facilities and the rest are raising loans from the private moneylenders at an exorbitant rates of interest;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the debt burden on farmers have increased to such an extent that they have been forced to commit suicides;
- (d) if so, the details thereof; and
- (e) the corrective steps taken/being taken by the Government to cover all the farmers under institutional financing and to reduce their debt burden?

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, 5.49 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. As per reports received from State Level Bankers Committee (SLBC) Convener Banks, over 45,000 such villages have been covered.

(vi) General permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) to open branches/mobile branches/Administrative Offices/CPCs (Service 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 to reporting. RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), 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.