

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2745
ANSWERED ON:09.12.2011
LOAN TO FARMERS FROM PRIVATE MONEYLENDERS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any survey to quantify loans taken by the farmers from the private moneylenders;
- (b) If so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has any schemes /programmes /statutory debt relief commission aimed at bailing out the debt ridden farmers and saving them from the clutches of the private money lenders;
- (d) if so, the details thereof; and
- (e) the other steps taken/being taken by the Government to improve banking services in the rural areas?

Answer

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

(a) to (e): As per the `National Sample Survey Organization(NSSO): Situation Assessment Survey of Farmers, 2003`. farmer households` loans from money lenders was 25.7 per cent, at Rs.3,237 outstanding per household in 2003.

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 identified 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.