

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3788

ANSWERED ON:27.04.2012

QUESTION LOANS TO FARMERS

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Will the Minister of FINANCE be pleased to state:

- (a) whether Public Sector Banks(PSBs) are denying fresh loans to farmers covered under the debt waiver and debt relief scheme and many State Governments have urged the Government/ Reserve Bank of India(RBI) to look into the matter;
- (b) if so, the details thereof and the action taken by the Government thereon;
- (c) whether by denying institutional loans to farmers, banks inadvertently are pushing them towards moneylenders who charge exorbitant rates of interest;
- (d) if so, the corrective steps taken by the Government in this regard;
- (e) whether there is a decline in distribution of loans and to small and marginal farmers by PSBs during the last three years; and
- (f) if so, the details thereof alongwith the reasons therefor and the corrective steps taken/being taken by the Government in this regard?

Answer

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

(a) to (f): 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.

The details of agriculture credit flow and number of loan accounts financed during the year 2008-09, 2009-10 and 2010-11 are as under:

Year	Agriculture credit flow (Rs. in crore)	Total farm loan a/cs financed (in lakh)	No. of Small Farmers/Marginal Farmers (in lakh)	% of loan a/cs of S.F/M.F.
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2008-09	3,01,682	456.10	245.35	53.80
2009-10	3,84,514	482.30	284.73	59.04
2010-11	4,68,177	549.60	334.67	60.89

The percentage of SF/MF loan accounts financed has increased from around 54% in 2008-09 to 61% in 2010-11. It would be seen that there has been a steady increase in the number of crop loan accounts. A target of disbursal of Rs. 5,75,000 crore as agricultural credit in 2012-13 has been fixed. 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 and 3% in 2011-12.

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