

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6990
ANSWERED ON:18.05.2012
AGRICULTURAL CREDIT
Joshi Shri Pralhad Venkatesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to formulate a new policy/scheme to ensure that the farmers have easy access to institutional agriculture credit;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

Answer

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

(a) to (c): The Government has taken several policy measures from time to time to increase the availability of credit to the rural areas in general and farmers in particular. These inter-alia include the following:

In terms of Reserve Bank's extant guidelines on lending to priority sector, a target of 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposures (OBE), whichever is higher, as on March 31 of the previous year, has been mandated for lending to the priority sector by domestic scheduled commercial banks, both in the public and private sector. Within this, a sub-target of 18 per cent of ANBC or Credit Equivalent amount of OBE, whichever is higher, as on March 31 of the previous year, has been mandated for lending to agriculture sector.

The Government has been setting an annual target for the flow of credit to the agriculture sector. The agriculture target for 2012-13 is fixed at Rs 5,75,000 crore against the target of Rs 4,75,000 crore in 2011-12.

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 payee farmers. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. The Government has in the Budget speech of 2012-13 announced continuation of the scheme in 2012-13.

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

The Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 was implemented by the Govt. This Scheme has de-clogged the lines of credit that were clogged due to the debt burden on the farmers and make the farmers eligible for fresh loans. Under the scheme Rs 52,275.55 crore has been released by the Govt. through RBI and NABARD to give benefit to 3.45 crore farmers.

Banks have been advised to issue Kisan Credit Cards (KCC) to all eligible farmers and General Credit Cards (GCC) to non-farmers. A new scheme for KCC has been circulated by NABARD which provides for KCC as an ATM card which can be used at ATM/ Point of sale (POS) terminals..