

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 2378
TO BE ANSWERED ON THE 2ND JANUARY, 2018

INSTITUTIONAL CREDIT TO SMALL FARMERS

2378. SHRI RAM MOHAN NAIDU KINJARAPU:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) the steps the Government is taking to bring all farmers, especially the small and marginal farmers, into the fold of institutional credit;
- (b) the details of the performance of Joint Liability Groups in this respect; and
- (c) the details of small and marginal farmers who have been successful in availing credit through Joint Liability Groups in the country, especially in States of Andhra Pradesh and Telangana?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्रालय में राज्य मंत्री (SHRI PARSHOTTAM RUPALA)

(a): Government has taken several measures to increase institutional credit flow and to bring more and more farmers including small and marginal farmers within the institutional credit fold. These measures, inter alia, include the following major steps to provide hassle free crop loans to farmers including small and marginal farmers:-

- i). Under the Interest Subvention Scheme (ISS) Short Term Crop loans upto Rs.3 lakh are extended to farmers at a subvented interest rate of 7% per annum for a period up to one year. In case of prompt repayment, the farmers can avail a prompt repayment incentive of 3% per annum and thus the effective rate of interest on such loans is only 4%.
- ii). The ISS also provides for post harvest loans for up to 6 months at the same rate of interest as Short Term Crop loans to Kisan Credit Card holding Small and Marginal Farmers, to encourage them not to resort to distress sale and instead store their produce in Warehouses accredited with Warehousing Development Regulatory Authority (WDRA) against Negotiable Warehouse Receipts (NWR).
- iii). Reserve Bank of India (RBI) has issued Priority Sector Lending Guidelines (PSL), which mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Within the 18 percent target for agriculture, a sub-target of 8 % for small and marginal farmers has been fixed to help in increasing the flow of credit to small and marginal farmers.

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iv). As per PSL guidelines loans to distressed farmers to repay non-institutional lenders are eligible under priority sector. Besides loans to stressed persons (other than farmers) not exceeding Rs. 1,00,000/- per borrower to repay their debt to non-institutional lender are also eligible for the purpose of priority sector lending by banks.

v). The Government implements the Kisan Credit Card (KCC) Scheme aimed at providing adequate and timely credit support from the banking system under a single window to the farmers for their cultivation and other needs. In terms of master circular dated July 03, 2017 of RBI, tenant farmers, oral lessees or share croppers are also covered under the KCC Scheme. The Scheme provides for sanction of the limit for 5 years with simplified renewal every year. All the banks have been advised to implement the scheme. The issue of smart –cum debit card, mandated under the revised guidelines, is enabling the farmers to access multiple delivery channels.

vi). To bring small, marginal, tenant farmers, oral lessees, etc. taking up farm activities, off-farm activities and non-farm activities, into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks. The announcement of Union Budget for 2014-15 for financing of 5 lakh JLGs of 'Bhoomi Heen Kisan' (landless farmers) has given further credence to efforts of National Bank for Agriculture and Rural Development (NABARD) in innovating and reaching out to the landless farmers through JLG scheme of financing.

vii). Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18th June, 2010.

viii). RBI has issued directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.

(b) & (c): As on 31st March, 2017, cumulatively 24.53 lakh Joint Liability Groups (JLGs) have been provided Rs.26,848.13 crore loan by banks across the country. In Andhra Pradesh, 1,82,375 JLGs have availed loans of Rs.1,618.05 crore and in Telangana, 35,748 JLGs have availed bank loans aggregating to Rs.620.94 crore, as on 31st March, 2017. The details of small and marginal farmers availing loan through JLG mode of financing is not maintained separately.
