

LOK SABHA

Unstarred Question No. 627
Answered on Monday, February 6, 2023/Magha 17, 1944 (Saka)

BANKING SERVICES FOR FARMERS

627.SHRI GNANATHIRAVIAM S.:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that banking system only covers 50 per cent farmers in the country at present and if so, the details thereof;
- (b) whether the Government has asked private sector banks to focus on traditionally credit starved areas such as agriculture and small industries and RBI has revised the credit growth target for the current fiscal year; and
- (c) if so, the details thereof and the steps taken by Government to increase the number of farmer bank account holders to avail credit facilities?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a): As on 31.01.2023, 99.99% of inhabited mapped villages are covered with banking touch-points i.e., these villages have a banking outlet (branch/business correspondent/India Post Payments Bank) within a 5 kilometer distance.

(b) to (c):

- Under the extant Priority Sector Lending (PSL) guidelines issued by Reserve Bank of India (RBI), lending to, *inter-alia*, agriculture and small industries sectors is treated as priority sector lending (PSL). RBI's PSL directions mandate all commercial banks, including private sector banks, to earmark a sub-target of 18%, out of their total credit, for agriculture out of which a sub-target of 9.5% has been fixed for small and marginal farmers.
- To address regional disparities in the flow of priority sector credit at the district level, RBI has built an incentive framework for providing credit to districts with comparatively lower flow of credit and a dis-incentive framework for districts with comparatively higher flow of priority sector credit. Accordingly, from FY 2021-22 onwards, a higher weight (125%) has been assigned to the incremental priority sector credit in the identified districts where the credit flow is comparatively lower and a lower weight (90%) has been assigned for incremental priority sector credit in the identified districts where the credit flow is comparatively higher.
- To bring small, marginal, tenant farmers, oral lessees, etc., into the fold of institutional credit, Joint Liability Groups (JLGs) are being promoted by banks.

- To ensure access to financial services to all eligible persons including farmers, Pradhan Mantri Jan-Dhan Yojana (PMJDY) has been launched by the Government. Under the scheme, a basic savings bank account is opened for unbanked person with no requirement to maintain any minimum balance. As on 25.01.2023, the total number of PMJDY accounts are 48.02 crore, out of which 32.02 crore accounts are in rural and semi-urban areas.
- The Government has introduced the Kisan Credit Card (KCC) scheme, which enables farmers to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash to meet their agricultural and consumption needs. The KCC scheme has since been simplified with facilities like one-time documentation, built-in cost escalation in the limit and facility of ATM enabled debit card etc.
- Government of India implements a Modified Interest Subvention Scheme (MISS) under which short term crop loans up to Rs. 3.00 lakh are provided to farmers at a reduced interest rate of 7% p.a. Besides, additional incentive of 3% is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.
- The benefits of KCC along with interest subvention have been extended to animal husbandry and fisheries farmers.
- A special KCC Saturation drive was launched under Atma Nirbhar Bharat Abhiyan to cover 2.5 crore farmers under the scheme with a credit boost of Rs. 2 lakh crore. Further, a special district level weekly KCC campaign for animal husbandry and fisheries was launched in November 2021. The campaign has been extended upto 15 March 2023.
