

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
UNSTARRED QUESTION NO.100

To be answered on the November 29, 2021/ 8 Agrahayana, 1943 (SAKA)

Credit by RRBs

100: SHRI GNANATHIRAVIAM S.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government provide assistance to a number of small farmers belonging to SCs/STs extended credit by the Regional Rural Banks (RRBs) in the country during each of the last three years and the current year, if so, the details thereof;
- (b) whether the Government is aware that the farmers are facing a lot of difficulties in getting loans from RRBs; and
- (c) if so, the corrective measures taken/being taken by the Government to ensure flow of credit to the farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) Regional Rural Banks (RRBs) have been playing an important role in purveying agricultural credit, particularly to Small and Marginal Farmers (SF/MF) and weaker sections of the society.

In terms of the revised guidelines on Priority Sector Lending (PSL) issued by RBI, in respect of RRBs, a target of 18 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposure (CEOBE), whichever is higher, is prescribed for lending to Agriculture, out of which a target of 9 per cent is for Small and Marginal Farmers (SMFs). Further, PSL guidelines also prescribe a target of 15% of ANBC or CEOBE for lending to Weaker Sections, which, *inter-alia*, includes SMFs and SCs/STs.

The RRBs have surpassed the prescribed target of lending to the SMFs & Weaker Sections during the years 2018-2019 to 2020-21, with the details as below:

(Amount in ₹ Crore)

As on	Loans Outstanding of RRBs				
	Total Loans Outstanding	Small & Marginal Farmers		Weaker Sections	
		Amount	Share (%)	Amount	Share (%)
31 Mar 2019	2,80,755	1,26,958	45.2	1,58,627	56.5
31 Mar 2020	2,98,214	1,43,103	48.0	1,78,659	59.9
31 Mar 2021	3,34,171	1,56,106	46.7	1,94,315	58.1

Source: NABARD

(b) & (c) The Government and RBI have taken the following measures to facilitate the ease of credit flow from RRBs to agriculture sector and SMFs including SC/ST farmers.:

- The Master Directions on Priority Sector Lending (PSL) issued by RBI prescribe an enhanced target of 75% for RRBs for lending to the priority sector, as against the target of 40% applicable to Commercial Banks.
 - Target for SMF is to be raised from 8% to 10% between 2020-21 and 2023-24 in a phased manner.
 - Government of India implements an interest subvention scheme 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. The scheme provides interest subvention of 2% per annum to Banks on use of their own resources. Besides, additional 3% incentive is given to the farmers for prompt repayment of the loan, thereby reducing the effective rate of interest to 4%.
 - The Kisan Credit Card (KCC) scheme was introduced in 1998 for issue of KCC to farmers. The scheme aims at providing adequate and timely credit support from the banking system under a single window with flexible and simplified procedure to the farmers to meet their short term credit requirements for cultivation of crops, investment credit requirement for agriculture and allied activities and other needs.
 - To enhance coverage of small and marginal farmers in the formal credit system, RBI has decided to raise the limit for collateral-free agriculture loans from Rs.1 lakh to Rs.1.6 lakh.
 - A new scheme for KCC to Animal husbandry and Fisheries farmers has also been introduced through Banks, including RRBs, to meet their working capital requirement. The benefits of KCC along with interest subvention have been extended to Animal Husbandry and Fisheries farmers.
 - The requirement of 'no dues' certificate has also been dispensed with in respect of small loans up to Rs.50,000 availed by small and marginal farmers, share-croppers and the like and, instead, only a self-declaration from the borrower is required.
 - Small, marginal, tenant farmers, oral lessees, etc. are to be brought into the fold of institutional credit, Joint Liability Groups (JLGs) promoted by banks.
 - NABARD extends refinance at concessional rate of interest to RRBs for supplementing their resources for short-term and long-term lending. Refinance is expected to increase ground level credit and boost capital formation in agriculture.
 - During 2020-21, NABARD disbursed total refinance of ₹44,975 crore to RRBs, which included Long Term refinance of ₹15,157 crore and Short-Term refinance of ₹29,818 crore.
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