

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No.1246
Answered on Monday, December 6, 2021/Agrahayana 15, 1943 (Saka)

Credit Flow to Agriculture Sector

1246. SHRIMATI SANGEETA KUMARI SINGH DEO:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government announces such specific measures so that commercial banks will be able to deliver adequate and timely credit in agriculture and allied sector as well as to Self Help Groups (SHGs) in the State of Odisha which is essential for economic and social development;

(b) if so, the details thereof;

(c) whether the Government will allow women SHGs to act as banking correspondents by infusing adequate liquidity;

(d) whether the Government will issue appropriate directions to the banks operating in the Bolangir district to achieve 100 per cent digitization and if so, the details thereof?

Answer

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

(a) & (b): The Government/Reserve Bank of India (RBI) has taken various initiatives to facilitate delivery of adequate and timely credit in agriculture and allied sector as well as to Self Help Groups (SHGs). Some of the key initiatives are as under:

- Government fixes agriculture credit disbursement targets for the banking sector every year and banks have consistently performed well surpassing these targets.
- In terms of extant guidelines on Priority Sector Lending (PSL) issued by RBI, a target of 18 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (CEOBE), whichever is higher, is prescribed for lending by all Domestic Scheduled Commercial Banks to Agriculture. Out of the total target for agriculture, a target of 9 per cent has been prescribed for Small and Marginal Farmers (SMFs).
- 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.

- The benefits of KCC along with interest subvention have been extended to Animal Husbandry and Fisheries farmers.
- 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.
- In terms of revised PSL guidelines of RBI, the target for SMFs is being revised from 8% to 10 % between 2020-21 and 2023-24 in a phased manner.
- RBI from time to time, has issued number of guidelines/instructions to banks on SHG-Bank Linkage Programme. RBI master circular dated 01.04.2021 prescribe lending norms for SHGs, applicable to all Scheduled Commercial banks.
- RBI vide its notification dated 09.08.2021 has also enhanced the limit for collateral free loans to SHGs under Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM) from Rs. 10 lakh to Rs. 20 lakh.

(c) & (d): As per the extant guidelines of RBI regarding eligibility for entities to act as Business Correspondents, SHGs are allowed to act as Banking Correspondents to provide different banking services to people in unbanked and under-banked areas across the state of Odisha.

With a view to expanding and deepening of digital payment ecosystem, RBI has advised all State level Bankers Committee/Union Territory Level Bankers Committee to identify districts in their respective States/UTs on pilot basis and allot the same to a bank having significant footprint, which would endeavor to make the district 100% digitally enabled.

Further with a view to leverage the experience gained during implementation of the pilot programme, SLBC/UTLBCs vide its letter dated 14.07.2021 were advised to extend the programme in one or two other districts as well, in consultation with State Governments/UT Administrations and other stakeholders

RBI has informed that Bolangir district in the State of Odisha has been identified for making the district 100 percent digitally enabled.
