

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 3594
Answered on Monday, December 20, 2021/Agrahayana 29, 1943 (Saka)

CREDIT TO AGRICULTURE SECTOR IN MAHARASHTRA

3594. SHRI SANJAY JADHAV:
SHRI VINAYAK RAUT:

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 the allied sector as well as to Self Help Groups (SHGs) in the State of Maharashtra 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; and
- (d) if so, the details thereof and if not, the reasons therefor?

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 & allied sector as well as to Self Help Groups (SHGs) in the country including in the State of Maharashtra. Some of the key initiatives taken are as under:

- Government fixes annual agriculture credit targets, including State-wise target for the banking sector every year and they have consistently performed well surpassing their 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).
- The Kisan Credit Card (KCC) 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 also been extended to Animal Husbandry and Fisheries farmer.
 - 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%.
 - 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 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, banks are allowed to engage the authorized functionaries of well run SHGs, which are linked to banks to act as Banking Correspondents (BCs) for providing different banking services to people in unbanked and under-banked areas. As per the guidelines, the banks pay reasonable fee/commission for the various banking services delivered by BCs, with also the provision for periodical review of remuneration paid to them.
