

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA
Unstarred Question No. 3316

Answered on Monday, 16 December, 2024/ 25 Agrahayana, 1946 (Saka)

Study on the Sources of Loans in Rural Areas

3316. Dr. Shashi Tharoor :

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any recent study on the sources of loans in rural areas of the country;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government has any plans to conduct NABARD All India Rural Financial Inclusion Survey-2.0 (NAFIS-2.0);
- (d) if so, the current status of NAFIS-2.0;
- (e) if not, the reasons therefor; and
- (f) the steps taken by the Government to promote the use of institutional loans instead of non-institutional ones in rural India?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (f): National Bank for Agriculture and Rural Development (NABARD) has conducted NABARD All India Rural Financial Inclusion Survey (NAFIS 2021-22) with the aim to collect primary data on livelihood and financial inclusion aspects of rural households. It offers a comprehensive analysis of critical areas such as income, savings, credit, insurance, pension, remittances, and financial literacy. The report of NAFIS 2021-22 was released on 09 October 2024.

Government has taken various steps to promote the use of institutional loans which *inter-alia* includes:

- (i) Kisan Credit Card (KCC) scheme was launched in 1998 with the objective to provide institutional credit to farmers in hassle free manner. The KCC product allowed farmers the required financial liquidity and enabled them to avail credit as and when needed. The facility of KCC has also been extended to animal husbandry and fisheries farmers in year 2019 to help them meet their working capital needs. As on 30 September 2024, banks have issued 7.72 crores KCC with outstanding amount of ₹9.99 lakh crore including allied activities.
- (ii) Ghar-Ghar KCC Abhiyaan campaign has been launched to achieve universal financial inclusion, ensuring that every farmer has unhindered access to credit facilities that drive their agricultural pursuits. This campaign plays a pivotal role in reaching out to non-KCC account holder PM KISAN beneficiaries and fostering the saturation of KCC Accounts among eligible PM Kisan beneficiary farmers.

- (iii) The limit for collateral free agricultural loans has been raised from ₹ 1.6 lakhs to ₹ 2 lakhs, vide Reserve Bank of India Circular FIDD.CO.FSD.BC.No. 10/05.05.010/2024-25 dated December 06, 2024 (copy enclosed) issued to all Scheduled Commercial Banks (including RRBs and SFBs), StCBs and DCCBs.
- (iv) Government of India launched a Central Sector Scheme "Formation and Promotion of 10,000 Farmer Produce Organizations (FPOs)" to transform small holding-based farming into a viable agri-business enterprise and to increase the net income of farmers.
- (v) The Self-Help Group–Bank Linkage Programme (SHG-BLP) and Joint Liability Groups (JLGs) have been launched to provides sustainable credit to rural households and to provide collateral-free loans to tenant/ landless farmers respectively.
- (vi) The Government has formulated the Priority Sector Lending (PSL) guidelines according to which banks have to provide 18% of their total loans to agriculture and allied sector with a sub target of 10% fixed for small and marginal farmers.
- (vii) The Government has been fixing annual targets for Ground Level Agriculture Credit. Further, in order to ensure increased credit flow to animal husbandry, dairy and fisheries activities, the Government also provides a sub-target for these activities. For FY 2024-25, a sub-target of Rs. 4.20 lakh crore has been fixed for these activities within the overall agri credit target of Rs. 27.50 lakh crore.
- (viii) In terms of RBI Circular dated 26.08.2008, banks have been advised to dispense with the requirement of 'no dues' certificate for small loans upto ₹ 50,000 to small and marginal farmers, share croppers and the like and instead obtain self-declaration from the borrower. In order to overcome the problem faced by the banks in lending to landless laborers, share-croppers and oral lessees due to the absence of documents verifying their identity and status, banks have been advised to accept certificates provided by local administration/ Panchayati Raj Institutions regarding the cultivation of crops in case of loans to landless laborers, share-croppers and oral lessees.
