

Flow of Credit to Agriculture

1. To accelerate the flow of credit to agriculture and allied activities, the Government is implementing a comprehensive Farm Credit Package since June, 2004. The package inter-alia envisaged doubling of agriculture credit flow in next three years beginning from 2004-05 taking 2003-04 as base year. The credit package also envisaged to finance 50 lakh new farmers each year by Commercial Banks including RRBs and Debt Relief Measures for farmers in distress and farmers in arrears, One Time Settlement (OTS) scheme for small and marginal farmers and relief to farmers indebted to non-institutional lenders, such as money lenders. The progress of credit flow since 2005-06 is **annexed VI**.

2. From Kharif 2006-07, farmers are receiving crop loans upto a principal amount of Rs. 3 lakh at 7% rate of interest and the Government is providing necessary interest subvention to banks for this purpose. Additional subvention of 1 per cent will be paid from this year, as incentive to those farmers who repay short term crop loans on schedule.

3. The Government is implementing revival package for Short-term Rural Cooperative Credit Structure involving financial outlay of Rs. 13,596 crore. Twenty-five State Governments have signed the MoU with Gol and NABARD, viz. Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttarakhand, Uttar Pradesh, and West Bengal. This covers more than 96% of the STCCS units in the country as on October, 2009 an amount of Rs.7000.40 crore has been released by NABARD as Gol share for recapitalisation of 37,053 PACS in ten states viz. Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttar Pradesh, and West Bengal, while the State Government had released Rs.657.01 crore as their share.

4. Farm loan upto Rs. 50,000 has been made collateral/security free.

5. Government has implemented the Agricultural Debt Waiver and Debt Relief Scheme, 2008 under which about 3.68 Crore farmers have been benefited from the scheme involving debt waiver & debt relief of Rs. 65,318.33 crore. Under One Time Settlement component of the Scheme farmers were required to pay the dues in three instalments by 30.6.2009. Now Government has given further extension in time to farmers having more than two hectares of land to pay 75% of their overdues under Debt Waiver and Debt Relief Scheme from 30.6.2009 to 31.12.2009.

6. The Government has constituted a Task Force to look into the issue of a large number of farmers, who had taken loans from private money lenders in the country.

7. Initiative has been taken by Ministry of Agriculture to provide Kisan Credit Card to all the eligible and willing farmers in a time bound manner. To achieve this, the State Governments have been advised to launch an intensive branch/village level campaign. Upto July, 2009, 8.53 crore KCC have been issued.

8. The Reserve Bank of India vide its circular dated 01.07.2009 has issued detailed guidelines to the banks for undertaking relief measures by banks in areas affected by natural calamities. The guidelines inter-alia includes restructuring of existing loans, conversion of loans, sanction of consumption loan, grant of fresh loans etc.

Rehabilitation Package

9. The Government is implementing a Rehabilitation Package for 31 suicide prone districts in the states of Andhra Pradesh, Karnataka, Kerala and Maharashtra involving financial outlay of Rs. 16978.69 crore and an amount of Rs.16688.75 crore has been released under this package till July, 2009.

10. The package for Development of Kuttanad Wetland Eco-system as a part of Rehabilitation Package for the farmers in suicide prone districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra envisaging an outlay of Rs.1840.75 crore has been approved by the Government on 24.07.2008.

11. The package for mitigation of agrarian distress in Idduki district of Kerala as a part of Rehabilitation Package for the farmers in suicide prone districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra envisaging an outlay of Rs.764.45 crore has been approved by the Government on 20.11.2008.

ANNEXURE- VI

Agency-wise Ground Level Credit Flow for Agriculture and Allied Statement showing agency-wise and year-wise progress of credit flow in the country

		(Rs. & A/c in crore)																							
SL. No.	Agency	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-2005		No. of	2005-2006		No. of	2006-2007		No. of	2007-2008		No. of	2008-2009		No. of	2009-2010*		No. of
								Target	Achevt.	A/c	Target	Achevt.	A/c	Target	Achevt.	A/c	Target	Achevt.	A/c	Target	Achevt.	A/c	Target	Achevt.	A/c
1	Cooperative Banks	15957	18260	20718	23524	23636	26959	39000	31231	2.25	38600	39403	1.93	41000	42480	1.89	52000	48,258	2.01	55000	36,762	1.78	45000	27,705	0.93
2	Commercial Banks	18443	24733	27807	33587	39774	52441	57000	81481	1.27	87200	125477	1.46	119000	166486	1.72	150000	181088	1.75	195000	223663	2.02	250000	92595	0.84
3	RRBs	2460	3172	4220	4854	6070	7581	8500	12404	0.61	15200	15223	0.46	15000	20435	0.62	23000	25312	0.63	30000	26724	0.76	30000	17531	0.42
4	Other Agencies	Nil	103	82	80	80	Nil		193		Nil	382		Nil	Nil		Nil	Nil		Nil	Nil		Nil	Nil	
	Total	36860	46268	52827	62045	69560	86981	104500	125309	4.13	141000	180485	3.85	175000	229400	4.23	225000	254658	4.39	280000	287149	4.56	325000	137831	2.19

*September, 2009