

## **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**.

2. From Kharif 2006-07, farmers are receiving crop loans upto a principal amount of Rs. 3 lakh at 7% rate of interest. In the year 2009-10, the Government provided an additional 1% interest subvention to those farmers who repaid their short term crop loans as per schedule. The Government has raised this subvention for timely repayment of crop loans from one percent to two percent from the year 2010-11. Thus, the effective rate of interest for such farmers will be 5% p.a from the year 2010-11.

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 March, 2010, an amount of Rs.7972.22 crore has been released by NABARD as Gol share for recapitalization of 49764 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.620.61 crore as their share.

4. Farm loan upto Rs. 1 lakh has been made collateral/security free.

5. Government has implemented the Agricultural Debt Waiver and Debt Relief Scheme, 2008 under which about 3.69 crore farmers have been benefited from the scheme involving debt waiver & debt relief of Rs. 65,318.33 crore.

6. The Task Force constituted by the Government to look into the issue of a large number of farmers, who had taken loans from private money lenders in the country has submitted its report on 30.6.2010.

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. All the States/UTs have been advised to chalk out a detailed action plan and launch

campaign to provide KCC to all the eligible and willing farmers particularly the small and marginal farmers in a time bound manner. Upto February, 2010, 9.06 crore KCC have been issued.

8. The Reserve Bank of India 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. An amount of Rs.18136.59 crore has been released under this package till 31<sup>st</sup> March, 2010.

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. This package is under various stages of implementation.

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.

Statement showing target, **Statement showing agency-wise and year-wise progress of credit flow in the country**

(Rs. & No. in crore)

SL. No.	Agency	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	2010	2011**	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	Coop.Banks	26959	39000	31231	2.25	38600	39403	1.93	41000	42480	1.89	52000	48,258	2.01	55000	46,192	1.78	45000	57,500	2.04	55000	7,927	0.10
2	Comm. Banks	52441	57000	81481	1.27	87200	125477	1.46	119000	166486	1.72	150000	181088	1.75	195000	228951	2.02	250000	274963	2.05	280000	14190	0.20
3	RRBs	7581	8500	12404	0.61	15200	15223	0.46	15000	20435	0.62	23000	25312	0.63	30000	26765	0.76	30000	34456	0.73	40000	3466	0.05
4	Other Agn.	Nil		193		Nil	382		Nil	Nil		Nil	Nil		Nil	Nil		Nil	Nil		Nil	Nil	
	Total	86981	104500	125309	4.13	141000	180485	3.85	175000	229400	4.23	225000	254658	4.39	280000	301908	4.56	325000	366919	4.82	375000	25583	0.35

\* Provisional

\*\* As on 30.4.2010