

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5933  
ANSWERED ON:02.05.2003  
CREDIT FACILITIES TO FARMERS  
JASWANT SINGH YADAV;NEDURUMALLI JANARDHANA REDDY

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether the credit flow from the banks to the small and medium farmers are quite inadequate;
- (b) whether the Government have made any estimate of the percentage of total creditflow to these segments of the farming community;
- (c) if so, the facts thereof; and
- (d) the corrective action taken in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) to (c) As reported by Reserve Bank of India (RBI) the credit to small and marginal farmers constitutes 46.94%, 46.18% and 46.13% of the total agricultural loans given by commercial banks as at the end of June 1999, June 2000 and June 2001 respectively.
- (d) With a view to strengthening the flow of credit to small and marginal farmers, commercial banks have been advised certain relaxations by RBI in regard to margin money requirements, security norms etc. to such borrowers under priority sectors. These relaxations include non-insistence on margin money upto Rs. 10,000/-, non-insistence on collateral security/third party guarantee upto Rs. 10,000/-, insisting upon payment of interest only at the time of repayment of loan instalments, non-compounding of interest on current dues in respect of long duration crop loans, not exceeding the total interest debited against the principal amount in respect of short term advances, introduction of Special one-time settlement scheme for small and marginal farmers, etc.