

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:34
ANSWERED ON:25.02.2000
TECHNICAL COMMITTEE FOR SANCTIONING CROP LOANS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government have constituted technical committees in each district of the country for sanctioning crop loans by the banks;
- (b) if so, the details thereof; and
- (c) the steps taken by the Union Government to ensure availability of loans, to the farmers by the banks, especially in Bihar and Madhya Pradesh?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR) :

(a) and (b) According to Reserve Bank of India (RBI)/National Bank for Agriculture and Rural Development (NABARD) guidelines, Technical Committees consisting the representatives of State Government, banks and progressive farmers have been constituted in every district for, inter-alia, fixing the scale of finance for each crop grown in the district. Cost of operations including imputed cost of family labour, agro-climatic factors, specific requirements of hi-tech and plantation crops, methods of operation, etc. are taken into account while fixing the crop-wise scales of finance. These scales of finance are being adopted by all banks in the district to ensure uniformity as well as availability of adequate credits to the farmers,

(c) RBI/NABARD have taken several measures to further strengthen the flow of credit to farmers. Some of these are :

- (1) Introduction of cash credit facility for meeting composite credit requirements of farmers having a good track record;
- (2) Introduction of the Kisan Credit Card Scheme for agricultural borrowers;
- (3) Banks have been advised to open specialized agricultural branches to take care of financing of high-tech agricultural projects;
- (4) RBI has introduced simplification of loan applications, delegation of powers to branch managers, introduction of composite cash credit limit to farmers, introduction of new loan products, cash disbursement of loans, discretion to banks on matters relating to margin/security requirements for loans above Rs. 10,000/- and dispensing with 'No Dues Certificates' as a compulsory requirement;
- (5) Any shortfall in the target of lending to agriculture has to be contributed to Rural Infrastructure Development Fund (RIDF) which has been established with NABARD for assisting State Governments and State-owned Corporations in quick completion of on-going projects relating to rural infrastructure.

In Bihar, special concessions/policy relaxations have been extended to State Cooperative Banks (SCBs)/District Central Cooperative Banks (DCCBs) to ensure availability of credit to farmers. Some of these are :

The eligibility norms of the minimum recoveries and Non-Performing Assets are not insisted upon while sanctioning of credit limits;

The norms of minimum involvement by DCCBs and SCB and seasonality discipline are also not insisted upon;

Drawals are allowed to SCB on behalf of DCCBs against fresh Seasonal Agricultural Operation (SAO) disbursement made with effect from 1 April 1999 irrespective of the availability of No Overdue Cover Certificate. In Madhya Pradesh, out of the 45 Central Cooperative Banks (CCBs) functioning in the State, exemption has been given in the case of as many as 22 CCBs from complying with Section 11 (1) of Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) enabling extension of credit limits aggregating Rs. 335.27 crore during the current year.