

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4127
ANSWERED ON:18.08.2000
LOANS TO SC /ST FARMERS THROUGH RRBs
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Will the Minister of FINANCE be pleased to state:

- (a) the State-wise loan provided by the Regional Rural Banks through NABARD to small and marginal farmers, particularly in Gujarat during the last three years;
- (b) the State-wise number of SC/ST and OBC farmers benefited therefrom; and
- (c) the steps taken to remove the hurdles of farmers in getting such loans ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) Total loans disbursed to the States (including Gujarat) by Regional Rural Banks (RRBs) and loans to small and marginal farmers and to SCs/STs during 1997-98, 1998-99 and 1999-2000 are given in the enclosed statement. The data regarding OBC farmers is not separately available.

(c) With a view to strengthening the flow of credit of small and marginal farmers certain relaxations in regard to margin money requirements, security norms etc. have been extended to such borrowers under priority sector. The relaxations include :

- (i) Banks should not insist on margin money for crop loans/term loans granted to small and marginal farmers upto Rs. 10,000/-
- (ii) Banks should not insist upon collateral security/third party guarantee for crop loans upto Rs. 10,000/-. Hypothecation of crops can be taken as security.
- (iii) As regards loans above Rs. 10,000/- banks have discretion in the matter relating to margin/security.
- (iv) Payment of interest should be insisted upon only at the time of repayment of loan instalments fixed.
- (v) Banks should not compound interest on current dues in respect of long duration crop loans and instalments not falling due in respect of term loans.
- (vi) Total interest debited to the accounts of small and marginal farmers should not exceed the principal amount in respect of short term advances.