

**GOVERNMENT OF INDIA  
AGRICULTURE  
LOK SABHA**

UNSTARRED QUESTION NO:1596  
ANSWERED ON:06.03.2006  
INSTITUTIONAL SUPPORT TO FARMERS  
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**Will the Minister of AGRICULTURE be pleased to state:**

- (a) whether farmers are facing hardships in many States due to the failure of institutionalized financial support including the co-operative institutions to provide relief;
- (b) if so, the details thereof; and
- (c) the action plan proposed by the Government to create a mechanism to help the farmers to combat the problems along with the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a) to (c): Government is of the view that the full potential of agriculture as a profitable activity must be realized at the earliest to benefit the farmers. Among the factors that will help in realizing this full potential are access to institutional credit to more farmers and appropriate quality of agriculture credit. In order to improve the flow of credit and mitigate the distressing situation of farmers due to the problem of indebtedness, the Government of India on 18.6.2004 announced a special farm credit package. The package envisages that credit to agriculture sector will double in next three years. Following are the highlights of this announcement:-

Credit flow to agriculture sector to increase @ 30% per year.

The branches of Commercial Banks and Regional Rural Banks to be energized to enhance the flow of agricultural credit.

Under special agricultural credit plan, at least 100 new farmers should be financed at each rural and semi urban branches during the current year, resulting in enrolling about 50 lakh new borrowers.

Financing at least 2 to 3 new investment projects in Plantation & Horticulture, Fisheries, Organic farming etc.

Finance at least 10 Agro Clinics in each district during the current year.

Public sector banks to lend more to small and marginal farmers and progress in this behalf will be monitored.

Provide credit to tenant farmers and oral lessees.

Debt restructuring as opposed to debt write off.

Debt relief measures for

\$ Farmers in distress

\$ Farmers in arrears

\$ OTS for small and marginal farmers

\$ Loans to farmers for Redemption of past debts from non-institutional lenders.

# Refinements in Kisan Credit Card (KCC) Scheme and revisiting of Scales of Finance and realign the same to meet the realistic needs of the farmers especially capital-intensive agricultural operations.

# Special package to promote technological upgradation in agriculture, agro-processing and agri-biotech.

# Facilitate formation and financing of self-help groups of tenant farmers and oral lessees to provide credit to this category of farmers.

In August, 2004, Government of India constituted a Task Force under the Chairmanship of Prof. A. Vaidyanathan for suggesting measures for revival of Cooperative Credit Structure. The Task Force submitted its report in February, 2005 in respect of Short Term

Cooperative Credit Structure. Based on the recommendations made by the Task Force and further consultations with the State Governments and other stakeholders on these recommendations, a package for revival of Short Term Cooperative Credit Structure involving, inter-alia provision of financial assistance, has been approved by the Government in December, 2005. All the State Government/UTs have been requested to take necessary action for implementation of the package for revival of Cooperative Credit Structure.