

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:17
ANSWERED ON:24.07.2006
RURAL INDEBTEDNESS
Scindia Shri Jyotiraditya Madhavrao

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether 'Rural Indebtedness' has been recognized as a national problem;
- (b) if so, whether any national strategy has been evolved to resolve this problem and to effectively curb this trend; and
- (c) if so, the details thereof?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 17 DUE FOR REPLY ON 24TH JULY, 2006.

(a) to (c): The Government is concerned about dependence of farmers on informal sources of credit including private money lenders for meeting their credit requirements. 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 is access to institutional credit. In order to improve the flow of institutional 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.