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# STANDING COMMITTEE ON FINANCE
## (2016-17)

## SIXTEENTH LOK SABHA

## MINISTRY OF FINANCE
## (DEPARTMENT OF FINANCIAL SERVICES)

**[Action taken by the Government on the recommendations contained in 34th Report (16th Lok Sabha) on 'State of Rural/Agricultural Banking and Crop Insurance']**

# FORTY NINTH REPORT

**LOK SABHA SECRETARIAT**
**NEW DELHI**

**August, 2017/Shravana,1939 (Saka)**

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(DEPARTMENT OF FINANCIAL SERVICES)

**[Action taken by the Government on the recommendations contained in 34th Report (16th Lok Sabha) on 'State of Rural/Agricultural Banking and Crop Insurance']**

Presented to Lok Sabha on 02 August, 2017

Laid in Rajya Sabha on 02 August, 2017

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

August 2017/Shravana, 1939 (Saka)

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** Not appended in the cyclostyled copy*

## COMPOSITION OF STANDING COMMITTEE ON FINANCE – 2016-17

***Dr. M. Veerappa Moily - Chairperson***

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| | | | |
|---|---|---|---|
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| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. | Shri Tenzin Gyaltsen | - | Committee Officer |

# INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorised by the Committee, present this Forty-Ninth Report on the Action Taken by Government on the Observations/Recommendations contained in Thirty-fourth Report on the subject "State of Rural / Agricultural Banking and Crop Insurance".

2. The Thirty-Fourth Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 10 August, 2016. The Action Taken Notes on the Observations/Recommendations were received from the Ministry of Finance (Department of Financial Services) and Ministry of Agriculture and Farmers Welfare (Department of Agricultural Cooperation & Farmers Welfare) *vide* their communication dated 31 October 2016 and 17 January, 2017 respectively.

3. The Committee considered and adopted this Report at their sitting held on 30 June, 2017.

4. An analysis of the action taken by the Government on the recommendations contained in the Thirty-Fourth Report of the Committee is given in the Appendix.

5. For facility of reference, the Observations/Recommendations of the Committee have been printed in bold in the body of the Report.

| | |
|---|---|
| **NEW DELHI** | **DR. M. VEERAPPA MOILY,** |
| **02 August, 2017** | **Chairperson,** |
| **11 Shravana, 1939 (Saka)** | **Standing Committee on Finance** |

## REPORT

## CHAPTER I

This Report of the Standing Committee on Finance (Sixteenth Lok Sabha) deals with action taken by the Government on the recommendations/observations contained in their Thirty-Fourth Report on the subject 'State of Rural / Agricultural Banking and Crop Insurance' of the Ministry of Finance (Department of Financial Services) which was presented Lok Sabha on 10th August, 2016 and laid in Rajya Sabha on 10th August, 2016.

2. Action taken notes have been received from the Ministry of Finance (Department of Financial Services) on 17 January, 2017 and Ministry of Agriculture & Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) on 31st October, 2016 in respect of all the 14 recommendations/observations contained in the Report. These have been analyzed and categorized as follows:

(i) Recommendations/Observations that have been accepted by the Government:

Recommendation Nos. 1, 4, 5, 8, 9, 10, 11, 12 and 14

(Total 9)
(Chapter- II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation No. 3, 6, 7

(Total : 3)
(Chapter- III)

(iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Recommendation No. 2, 13

(Total 2)
(Chapter -IV)

(iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

Recommendation No. NIL

(Total - NIL)
(Chapter- V)

3. The Committee desire that the replies to the observations / recommendations contained in Chapter-I may be furnished to them expeditiously.

4. The Committee will now deal with the action taken replies furnished by the Government on some of their recommendations.

**Recommendation (Sl. No. 2)**

5. As regards term loans for farmers, the Committee were of the view that the instrument of KCCs can be modified and used for this purpose by providing enhanced credit, say five or six times the crop loan, after every five years or so. Farmers can then be permitted under the KCC scheme to inform the bank in advance, in case he is willing to avail enhanced credit. The coverage of KCC can thus be expanded and it can also be conveniently linked to land records, Jandhan Yojana bank account; Aadhaar etc. Such a widening of KCC ambit will not only enhance access of farmers to institutional credit but also boost the confidence of financial institutions with regard to the borrowers.

6. In their Action Taken Replies, the Government have stated as under :-

**Ministry of Finance (Department of Financial Services)**

"RBI has reported that for the period ended March 2016, term loans constitute 12.72% of total KCC outstanding while crop loans constitute 87.28 %. In a majority of cases, KCC limit is granted normally for meeting short term credit requirements. Farmers normally approach for term loans/investment credit separately for meeting their various investment credit needs for developments on the farm. Since the assessment and appraisal of these investment loans require more detailed examination and also some of the investments require repayment period of more than 5 years, these loans are extended separately outside the KCC limit. All these term / investment loans which are not sanctioned as a part of KCC are therefore not reported under Term Loans under KCC. However, they are reported under Investment Credit in the Quarterly Statement on Priority Sector Advances and Sectoral Deployment of credit of the RBI. During the year 2016-17 for quarter ended upto 30.06.2016, cumulative disbursement under term loans constitute 28.07% of total advances to agriculture & allied activities.

NABARD has reported that adequate provision is in place to meet the term loan credit requirement of farmers. Fixing of term loan in multiple of crop loan, without taking into account actual cost of asset, will lead to under/over financing and may result in diversion of funds or additional interest burden on farmer."

**7. While disagreeing with the reply furnished by the Ministry, the Committee would like to point out that since Kisan Credit Cards (KCCs) are being used more for consumption expenditure by farmers, the objective of providing term loans or**

**long-term credit to farmers for agricultural or allied purpose is not being fulfilled. The Committee would therefore reiterate that the scope of KCCs should be expanded so as to cover even term loans of farmers, which will go a long way in enhancing the access of farmers to institutional credit.**

**Recommendation (Sl. No. 5)**

8. The Committee desired that synergy and complementarities among the different agencies of institutional finance available for agriculture and the rural sector in general should be developed and sustained. For this purpose, the Committee recommended that a thorough survey on credit needs of farmers for production/cultivation, investment and consumption purposes should be conducted under the auspices of NABARD. An authentic data-bank in this regard should be prepared. This should be followed-up by way of comprehensive Agriculture/Rural Credit Plan backed by corresponding institutional finance. The existing mechanism of DLCs with active participation of people's representatives should be galvanized for this purpose.

9. In their Action Taken Replies, the Government have stated as under :-

**Ministry of Finance (Department of Financial Services)**

"NABARD has reported that to develop synergy and complementarities among the different agencies of institutional finance available for agriculture and the rural sector in general and also to survey the credit needs of farmers for various purposes, it prepares Potential Linked Credit Plans (PLPs) for each district every year to meaningfully link development and credit planning. The PLPs provide an estimate of the credit which can be potentially absorbed at the district level for agriculture and allied sectors, off-farm sector and other priority sector areas.

Based on NABARD’s PLPs, the lead bank of the district prepares the annual credit plan (ACP).The performance of various agencies under the annual credit plan is reviewed as per RBI guidelines under the Lead Bank Scheme in various forums like DCC/DLRCs at district level and in SLBCs at state level.

A task force has been constituted by RBI to examine the feasibility of capturing agriculture credit data directly from the Core Banking Solutions (CBS) of various banks."

**10. The Committee note from the action taken reply that NABARD prepares Potential Linked Credit Plans (PLPs) to link development with planning for desirable synergy in Government's efforts towards satisfactory and comprehensive credit disbursal. The Committee feel that the task force constituted by RBI to examine the feasibility of capturing agriculture credit data directly from Core Banking Solution (CBS) network was long overdue. The**

**Committee are of the opinion that the Government should further take cognizance of varied issues such as farmers suicide/distress, feasibility of a compulsory insurance scheme and conducting a ceaseless awareness campaign to overcome roadblocks in the process of sustained credit disbursal. The Government should also be proactive and forthcoming in establishing an authentic one-stop agricultural databank under the auspices of NABARD for inclusive coordination among different agencies providing institutional finance to agricultural and rural sector, and to ascertain whether the agricultural/rural banking process is getting choked due to disparate systemic shortcomings. The Committee also reiterate that on various forums like DCC/DLR at district level and State Level Bankers Committee (SLBCs) at State level, the involvement of DC/DM should be more proactive for ensuring prompt availability of credit to the needy farmers and speedy settlement of their crop insurance claims.**

**Recommendation (Sl. No. 8)**

11. The Committee desired the RBI to review their lending guidelines so as to widen credit access to hitherto neglected groups such as the rural artisans, fishing folk and other traditional occupational groups for their livelihood sustenance and growth. The MUDRA Scheme (Small-ticket unsecured loans below Rs.10 Lakh) could be more extensively and systematically deployed for this purpose in rural/semi-urban areas.

12. In their Action Taken Replies, the Government have stated as under :-

**Ministry of Finance (Department of Financial Services)**

"The PMMY guidelines are being reviewed from time to time and it is to inform that 'Activities allied to Agriculture', e.g. pisciculture, beekeeping, poultry, livestock, rearing, grading, sorting, aggregation agro industries, diary, fishery, agriclinics and agribusiness centres, food & agro-processing, etc. (excluding crop loans, land improvement such as canals, irrigation, wells) and services supporting these, which promote livelihood or are income generating, have been included under PMMY from April, 2016 onwards. This would therefore cover neglected groups such as rural artisans, fishing folks and others."

**13. The Committee find from the action taken reply that the Pradhan Mantri Mudra Yojana (PMMY) guidelines are being reviewed routinely with emphasis towards agricultural and allied activities and other hitherto neglected groups such as rural artisans, fishing community etc. While reiterating their earlier recommendation, the Committee would emphasize that the Pradhan Mantri Mudra Yojana (PMMY) be more extensively implemented and followed up on regular**

**intervals, which can provide sustainable livelihood to marginalised groups in rural and semi-urban areas.**

**Recommendation (Sl. No. 10)**

14. The Committee were constrained to observe that even as agricultural and rural credit needs remain unfulfilled, the available credit also does not reach the borrowers in timely and hassle-free manner. The insistence on collateral security remains a major impediment in widening and deepening the credit access. This coupled with cumbersome processes and paperwork, entailing needless delay in actual disbursal, act as a dampener. Lack of financial literacy on the part of borrowers only compounds matters for them. The Committee therefore recommended that RBI and NABARD should take the necessary initiative to ease the processes for quick and smooth disbursal of institutional credit to farmers and rural households. Once the access becomes simple and easy, the reliance on non-formal channels of credit can be expected to diminish. Interest subsidy for farm loans alone will not lessen the influence of informal lender, if the disbursal mechanism is not made accessible, simple and beneficiary friendly. Besides, the awareness campaign should be proactively taken up so as to make the farmers / beneficiaries know about the credit / subsidised credit facilities available to them.

15. In their Action Taken Replies, the Government have stated as under :-

**Ministry of Finance (Department of Financial Services)**

"In order to ensure that all eligible farmers are provided with hassle free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash to satisfy their consumption needs.

The scheme was reviewed, incorporating many new features over and above the financing of crop production requirements, viz., consumption expenditure, maintenance of farm assets, term loan for agriculture and allied activities, coverage of KCC holders under Personal Accident Insurance Scheme (PAIS), etc. Recently GoI had advised all banks to convert all existing KCCs into ATM/RuPay cards.

Following steps have been initiated by GoI/RBI/NABARD to ensure smooth disbursal of credit to farmers.

i) To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted and supported by banks.

ii) Banks have been advised by Reserve Bank of India (RBI) to waive margin/security requirements of agricultural loans up to Rs.1,00,000/- . Banks have been advised to dispense with obtaining of “No Dues Certificate” from individual borrowers (including SHGs& JLGs) in rural and semi urban areas for all types of loans including loans under Government sponsored schemes, irrespective of the amount involved unless the Government sponsored scheme itself provides for obtention of “ No Dues Certificate” .

iii) Only hypothecation of crops up to card limit of Rs. 1.00 lakh as per the extant RBI guidelines. With tie-up for recovery, Banks to consider sanctioning loans on hypothecation of crops upto card limit of Rs.3.00 lakh without insisting on collateral security.

iv) Loans to distressed farmers and to other persons (not exceeding Rs.1,00,000/- per borrower) indebted to non institutional lender is an eligible category under Priority Sector Lending, to enable them to repay their debt to non institutional lenders.

v) As regards creating awareness among farmers RBI is in the process of exploring new avenues to educate the farmers.

vi) NABARD has also been playing a critical role in promoting financial inclusion by facilitating financial literacy and supporting technological upgradation of cooperative banks and RRBs as indicated below:-

a. **Financial Inclusion Fund:** In order to help Rural Financial Institutions (RFIs) make available their services to people, GoI had constituted two funds viz. Financial 7 Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) in 2007-08 in NABARD. In July 2015, GoI merged FITF into FIF. NABARD has extended financial support under the fund for setting up of 1666 financial literacy centres by RRBs and Coop. banks across the country. More than 37 lakh RuPay KCC cards have been issued by RRBs and Cooperative Banks with financial support from NABARD under FIF.

b. **Promoting financial inclusion through financial literacy:** NABARD has been supporting RFIs in building capacity and improving financial literacy of various stakeholders. One of the innovative interventions NABARD undertook was to identify the most suitable product, channel and influencers for the rural poor and plan financial literacy around these pivots. To encourage banking in rural areas, for a product like remittance of money via formal banking system, deploying the BCs (Bank Sakhis) model was identified as a fit case to build financial literacy for all stakeholders. In the long run, the SHG leaders may also act as critical agents of change infusing modern agricultural practices and (along with JLGs and farmers’ clubs) form the basis for producers’ organisations and other collective bodies. Thus it may be seen from the above that regular changes in policy guidelines have been made by GoI, RBI and NABARD to enable farmers to avail credit in time and in a hassle-free manner."

**16. The Committee note from the action taken reply that various steps have been initiated by the Government, RBI and NABARD, such as conversion of**

**KCC's into ATM/Rupay cards, promotion of Joint Liability Groups (JLGs), and dispensing with the requirement of 'No dues certificate' for a hassle-free and timely credit. They desire that the Government should undertake regular review of policy guidelines with better coordination among Government, RBI, NABARD and other stakeholders to ensure effective and speedy availability of institutional credit to agriculture and the farming community in general. The Committee would also like to underline the importance of NABARD as the nodal agency for strengthening and supporting co-operative banks and RRB's with regular reinforcement in their capacity-building and technological upgradation. In this regard, the Committee would suggest that a comprehensive survey by NABARD may be conducted to thresh out the issues plaguing the agricultural/rural community.**

**Recommendation (Sl. No. 11)**

17. While welcoming the recent initiatives of the Government with regard to crop insurance, including the Pradhan Mantri Fasal Bima Yojana (PMFBY), the Committee noted that problems of information gap, assessment of indemnity in case of crop loss and timely settlement of claims of farmers still remain to be addressed. Farmers also require to be educated about the nature of crop insurance available to them, while linking their crop loss with parameters easily understood by them like incidence of rainfall. The Committee also urged the Government to create awareness about the type of cultivation / crops that should be taken up, keeping in view the soil quality / soil fertility, incidence of rainfall and frequency of drought. Adequate knowledge in this regard should be imparted to the farmers / cultivators so as to reduce the need and tendency for seeking unproductive credit. Further, as per reference unit area for assessment of losses should be small and it should cater even to eventualities, where only a small area of the village is affected, for example, hail storm affecting only certain fields. In this connection, the Committee recommended that Crop Insurance cover should be expanded to cover all the crops and the entire country instead of restricting the coverage to selective crops and specific seasons like kharif and rabi etc. The present initiative by the Government to use information technology will no doubt help bring transparency in the process. However, the Committee were concerned about the fact that despite crop insurance being mandatory for loanee farmers, coverage is still very low due to lack of enforcement of the compulsory provision. The Committee

therefore expected the Governments, insurers, RBI and NABARD to make concerted efforts to enforce the compulsory provision of the scheme. In this regard, suitable mechanism should also be put in place to link the crop loan with the crops sown in Kharif and Rabi seasons, so that insurance protection is automatically available for the actual crop sown. The Committee desired that crop damage assessment should be done quickly within a specified time frame, say within two weeks or so of the calamity / event and, compensation to farmers be deposited directly to their accounts possibly within a week of such an assessment. The Committee expected the Government to leverage the ongoing mobile/aadhar-based digitalization and financial inclusion programme to achieve the desired results.

18. In their Action Taken Replies, the Government have stated as under :-

**Ministry of Finance (Department of Financial Services)**

"PMFBY is a scheme of the Ministry of Agriculture. Available to all Farmers Compulsory for loanees and optional for non-loanees. The Scheme is implemented through bidding process by the empanelled Insurance Companies of the Ministry of Agriculture, which includes Public Sector General Insurance Companies also. The Companies bid, based on their own commercial judgement."

**Ministry of Agriculture and Farmers Welfare (DAC & FW)**

"Government has recently reviewed the Crop Insurance Schemes of National Crop Insurance Programme (NCIP) components of Modified National Agricultural Insurance Scheme (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) and National Agricultural Insurance Scheme (NAIS) in consultation with various stakeholders including States, farmers' organizations & insurance companies and introduced a new scheme namely, Pradhan Mantri Fasal Bima Yojana (PMFBY) for implementation in all States and Union Territories from Kharif 2016 season in place of MNAIS & NAIS. All food & oilseed crops, annual commercial/horticultural crops are covered under the scheme subject to availability of past yield data. Crops and areas under the scheme are notified by the concerned State Government. PMFBY is a marked improvement over the earlier schemes on several counts and comprehensive risk coverage from pre-sowing to post-harvest losses has been provided under it. Under this scheme farmer’s share in premium has been kept uniformly very low for all farmers on pan- India basis for food & oilseeds crops has been fixed at maximum 2% and 1.5% of sum insured for food & Oilseed crops for Kharif and Rabi seasons respectively. In case of annual commercial/ horticultural crops maximum premium is 5%. The remaining part of the actuarial premium would be shared by the Central and State Governments on 50 : 50 basis. There is a provision to finance requisite premium amount above the loan by the bank to loanee farmers. To resolve the issues of information gap between various stakeholders Government is developing a dedicated National Crop Insurance Portal www.agri-insurance.gov.in for seamless flow of information among all stake holders through single window for better administration and transparency. All the data will be available on portal to all stakeholders. The issues of integrating the portal with various stakeholders especially banks, Aadhar seeding and integration with land records is being discussed with banks and Unique Identification Authority of India (UIDAI) for Direct Benefit Transfer (DBT). To create further awareness among various stakeholders including farmers, banks etc. several awareness campaigns, involving the publicity of features & benefits of the scheme through advertisements in leading National/local News Papers, telecast through audio-visual media, distribution of pamphlets, participation in agriculture fairs / mela at Krishi Vigyan Kendras (KVKs) level / gosti and organization of workshops / trainings and SMS through Kisan Portal etc. were also undertaken.

For assessment of indemnity in case of crop loss and timely settlement of indemnity claims stringent time-frame has been provided in the Operational Guidelines of the scheme. The settlement of claims mainly depends upon the availability of yield data based on Crop Cutting Experiments (CCEs) by the State Governments to the insurance companies. Therefore, for reporting of yield data and information on CCEs, Government has developed a smart phone App, "CCE-Agri" and the same has been shared with all stake holders and training imparted. State Governments have the option to conduct CCEs by their own employees or outsource the CCEs. Since the reporting of CCEs data through smart phone is compulsory States have been advised to incentivise smartphone owners among the field staff for undertaking conduct of CCEs. State Governments may also procure/outsource for the same. 50% of the cost will be borne by the Government of India. This will help in early settlement of the claims under PMFBY. Further, as per PMFBY stipulations, claims settlement is required to be done by insurance companies by crediting the amounts directly to the farmers accounts within three weeks from receipt of yield data from the State Government. Under PMFBY insurance unit area has been reduced to village/village panchayat level for major crops. Selection of unit area for minor crops has been left to the concerned State Government. In case of local risks of hailstorm, landslide and inundation, a provision has been made in the scheme to assess the crop losses at individual farm level. Further, losses due to unseasonal rains/cyclonic rains within 2 weeks of harvesting of crops kept in field would also be assessed on individual farm basis. While PMFBY is available for all food, oilseeds and pulses crop and annual commercial/horticultural crops in the country, it is however, the prerogative of the State Government to decide/notify both crops and areas for implementation in each season in their respective States. In such selected areas/crops, loanee farmers are compulsorily covered. As and when States will enhance crops/areas to be covered under PMFBY, compulsory coverage of loanee farmers will accordingly increase. Apart from loanee farmers the focus of the scheme is to cover non-loanee farmers for which necessary steps are being taken by way of persuading the States, banks and insurance companies to ensure their increased coverage. Due to the efforts made by the Government coverage under the scheme during Kharif 2016 has been provisionally increased to about 323 lakh farmers, which is the highest since inception of the scheme during Kharif seasons."

**19. The Committee note that the newly launched Pradhan Mantri Fasal Bima Yojana (PMFBY) effective from Kharif 2016 season is an improvement over the earlier Schemes on several counts. It provides comprehensive risk coverage from pre-sowing to past-harvest losses on all food, oilseeds and pulses crops and also**

**on annual commercial/horticultural crops throughout the country. Further, the farmer's share of premium has also been kept uniformly very low on pan-India basis which is 2% and 1.5% of sum insured for food and oilseed crops for Kharif and Rabi season respectively and 5% for annual commercial/horticultural crops. The Committee also note that for assessment of indemnity in case of crop loss and timely settlement of claims, stringent time-frame has been provided in the operational guidelines of the Scheme and also for reporting of yield data and information on crop cutting experiments (CCEs), a Smart Phone App "CCE-Agri" has been developed and shared with all stake holders. Further, to resolve the issues of information gap between various stake holders, the Government is in the process of developing a dedicated national crop insurance portal (www.agri-insurance.gov.in) for seamless flow of information among all stake holders through a single window. The portal is also proposed to be integrated with Banks, Aadhar and land records to facilitate Direct Benefit Transfer (DBT). It has also been informed that claim settlement under PMFBY is to be done by insurance companies by crediting the amounts directly to farmers' accounts within three weeks from receipt of yield data from the State Government and also that the insurance unit area has been reduced to village level for major crops and in case of local risks of hailstorm, landslide and inundation, crop losses are to be assessed at individual farm level. The Committee would like the Government to leverage and make effective use of mobile/Aadhar based applications/methods for crop insurance claims and settlement. Further, crop assessment should be done within two weeks of crop cutting with the aid of technology. The issue of shortfall in disbursement of premium should also be immediately addressed so that it does not affect the settlement processes. In this context, it is also necessary that the criteria of selection of insurance companies is also made more transparent. Discrepancies like limiting the insurance coverage only upto 31st July should also be addressed, keeping in view the fact that the cut-off date for loans from cooperative banks/societies is usually 30th September. Uniformity in procedural matters relating to crop insurance should be maintained so that a particular category of farmers do not suffer on this count. Similarly, there should also be transparency and certainty in the fixation of crop insurance premium over a period of time and farmers should be made aware of the same. Taking note of the initiatives taken by**

**the Government so far with respect to wider risk coverage of crop insurance, timely settlement of claims, launching of "CCE-Agri" app, developing of a dedicated portal and its proposed integration with banks, Aadhar and other stakeholders etc., the Committee hope that all these measures will be followed-up earnestly by all the stakeholders in a mission mode for effective implementation, so that the intended objectives of the Scheme are achieved and the hardship of distressed farmers could be mitigated to the maximum extent. The Committee while reiterating their earlier recommendation would suggest in this regard that the coverage of crop insurance should be widened by including non-loanee farmers also, specially the small and marginal peasants, who do not have any kind of cushion to absorb the vagaries of nature and thus remain vulnerable to crop failures as also cover all crops.**

### Recommendation (Sl. No. 12)

20. The Committee were concerned to note that the role of the NITI in authoritatively coordinating between various Central Ministries/Departments with regard to their schemes and programmes, particularly the centrally sponsored progammes also required greater clarity. As observed earlier, the functional necessity for such inter-ministrial and inter sectoral coordination without compromising on domain autonomy by an independent, expert and empowered body had not diminished at all. The Committee also emphasised on the urgent need to make Crop Insurance Scheme popular among the farming community, while instilling confidence among them about the efficacy of the scheme. For this purpose, wide publicity needed to be provided about the schemes through electronic media, mobile phones, Krishi Vikas Kendras (KVKs) etc. so that even those farmers who had not availed of institutional credit including tenant farmers and share croppers are brought under the ambit of crop insurance. Massive awareness camps should be conducted among farmers, especially in States / districts which are highly vulnerable.

21. In their Action Taken Replies, the Government have submitted as under :-

**Ministry of Finance (Department of Financial Services)**

"NABARD has advised all their Regional Offices vide Circular No. 76/FSPD-02/2016 dated 21st April, 2016 to develop operational manuals in regional languages under the aegis of the State Level Coordination Committee on Crop Insurance(SLCCCI), encourage banks to give wide publicity on the benefits of Pradhan Mantri Fasal Bima Yojana (PMFBY) through mass media, poster campaigns, street plays etc. The PMFBY also provides for maximizing the efforts towards coverage of non-loanee/tenant farmers under the PMFBY so as to achieve the coverage of crop insurance scheme. The State Governments/ UTs in collaboration with Insurance Companies are making efforts at capacity building of the associated agents, banks etc for effective implementation of the scheme and organize training workshops/ sensitization programme for them in association with participating insurance companies."

**Ministry of Agriculture and Farmers Welfare (DAC & FW)**

"To create awareness among various stakeholders including farmers, banks etc. extensive publicity through different media & capacity building of involved institutions has been made during Kharif 2016 season. The salient activities under awareness campaign, involve the publicity of features & benefits of the scheme through advertisements in leading National/local News Papers, telecast through audio-visual media, distribution of pamphlets, participation in agriculture fairs / mela at Krishi Vigyan Kendras (KVKs) level / gosti and organization of workshops / trainings and SMS through Kisan Portal etc. State Governments/UTs are also being regularly persuaded to increase the coverage including notifying more crops under crop Insurance schemes.Due to the efforts made by the Government coverage under the scheme during Kharif 2016 has been provisionally increased to about 323 lakh farmers, which is the highest since inception of the scheme during Kharif seasons."

**22. The Committee note that the Government have stated in their Action Taken Reply that several steps have been initiated to create awareness among various stake holders through different media and these efforts have led to a provisional increase of coverage to about 323 lakh farmers coming under the ambit of insurance during kharif 2016, which has been the highest since its initiation. They would like to reiterate the importance of making crop insurance popular, widespread and universal, with special emphasis on certainty and timeliness in settlement of claims. They also desire that the Government should continue with massive awareness campaign among the farming community on regular basis in villages / districts / States and particularly in hilly terrains, tribal areas and other remote and inaccessible areas, so that the most needy class of agrarian community, whether loanee or otherwise, is effectively brought in the ambit of crop insurance schemes. Distress-prone districts/regions should be accorded top priority in this regard.**

**Recommendation (Sl. No. 13)**

23. There was also a need to increase the risk-bearing capacity of farmers by promoting integrated farming (comprising livestock, animal husbandry, fish-breeding in land-locked areas, pisciculture etc.) and associated crop insurance so that servicing

debt becomes self-sustaining. The Committee thus recommended an integrated and comprehensive credit-crop-livestock health insurance package for all farmers. Crop insurance coverage may also be enlarged and made universal by including all the crops in the entire country, insuring all major risks that may lead to crop failure.

24. In their Action Taken Replies, the Government have stated as follows :-

**Ministry of Finance (Department of Financial Services)**

"The Public Sector General Insurance Companies (PSGICs) have recently been empanelled to participate in Pradhan Mantri Fasal Bima Yojana (PMFBY). The Companies have not come across issues like problems of information gap, assessment of indemnity in case of crop loss, timely settlement of claims etc. The PSGICs are conducting awareness campaigns to make PMFBY popular in the states which are allotted to them through tender."

**Ministry of Agriculture and Farmers Welfare (DAC & FW)**

"All concerned departments relating to coverage of farmers' risks are working for betterment of farmers. Department of Agriculture, Cooperation and Farmers Welfare has taken a small step to cover assets of farmers other than crop by introducing a Unified Package Insurance Scheme (UPIS) on pilot basis in 45 districts of the country. In addition to crops coverage i.e. PMFBY/Restructured Weather Based Crop Insurance Scheme (RWBCIS), six other assets i.e, Loss of Life (Prime Minister Jeevan Jyoti Bima Yojana - PMJJBY), Accidental Death & Disability (Pradhan Mantri Suraksha Bima Yojana - PMSBY), Student Safety, Household, Agriculture implements & Tractor has been covered under UPIS). While Crop Insurance is compulsory, however, farmers must choose atleast two section from remaining. These six sub-sections were decided after stakeholder discussions when integration of livestock with crop insurance was also considered and not found feasible due to implementation issues and as most of the States were already providing some assistance to the livestock sector. PMFBY provides comprehensive risk insurance against all non-preventable risks and all food & oilseed crops, annual commercial/horticultural crops are covered under the scheme subject to availability of past yield data. It is however, the prerogative of the State Government to decide/notify both crops and areas for implementation in each season in their respective States. Crops and areas under the scheme are notified by the concerned State Government."

**25. The Committee note that steps have been taken by the Government to cover assets of the farmers other than crop by introducing a Unified Package Insurance Scheme (UPIS) on pilot basis in 45 districts of the country. With regard to integration of livestock with crop insurance, it has been stated that after discussions with the stakeholders, it was not found feasible due to implementation issues and also as most of the States are already providing some assistance to livestock sector. They are, however, of the firm opinion that there is an imperative need of a comprehensive and integrated credit-crop-livestock health insurance package for all farmers with a view to increasing the risk bearing**

**capacity of farmers by facilitating integrated farming, so that debt servicing by farmers becomes self-sustaining. The Committee, would, therefore, while reiterating their earlier recommendation like the Government to resume the process of discussion with all the stakeholders with a view to conceptualizing and implementing a comprehensive and integrated credit-crop-livestock health insurance scheme, which will go a long way in addressing the serious problem of indebtedness faced by the farmers all over the country.**

## CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN

ACCEPTED BY THE GOVERNMENT

**Recommendation (Sl. No. 1)**

The Committee note with concern that the extent of financial exclusion is very high among rural households in the country which is still heavily dependent upon agriculture for their livelihood. As per the latest survey of NSSO, about 31% of the rural households are indebted in India and only about 17% of the rural households availed credit from financial institutions i.e. formal sector while a very large percentage depended upon money lenders and other non-institutional sources, which made the credit inaccessible, very costly and onerous for them. Although there has been an increase in institutional credit, particularly lending by commercial banks in recent years, it still remains short of even the not-so-ambitious target set for agriculture (18%) under priority sector credit scheme. The Kisan Credit Cards (KCC) have been developed as a flexible credit product for farmers and provides freedom to the borrower to withdraw loan amount as per requirement and repay as per surplus available. Although, the delivery of credit through Kisan Credit Cards is no doubt rising (cumulative 7.15 crore operative KCC's as on 30 June 2015,), it is not able to meet the needs of term loan for farmers, which as a percentage of total institutional finance to the farm sector has been decreasing. The KCC is unable to meet these requirements, in its present form. Similarly, the recent developments in micro-finance involving particularly the Self Help Groups (SHGs) and schemes for financial Inclusion are significant, but this mechanism can hardly meet the long-term investment needs of Indian agriculture. It is, therefore, imperative that needs of agriculture infrastructure development is urgently addressed and massive public investment made in this direction as an utmost social and economic priority. Therefore, the need of the hour is augmenting institutional credit to agriculture and allied activities and reach the same to the poor and needy farmers/cultivators. This will go a long way in alleviating rural poverty and agrarian distress.

**Reply of the Government**

In order to address the needs of agriculture infrastructure development and to increase availability of hassle-free institutional credit to farmers, the following major initiatives have been taken by Reserve Bank of India (RBI)/National Bank for Agriculture and Rural Development (NABARD) and Government of India:

- The target for lending to the redefined priority sector was retained uniformly at 40per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off Balance Sheet Exposure (CEOBE) whichever is higher. Within this, 18 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, was retained for agriculture. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, has been prescribed for Small and Marginal Farmers, to be achieved in a phased manner, that is, 7 per cent by March 2016 and 8 percent by March 2017.
- Reserve Bank of India has put in place the mechanism to monitor priority sector returns figures on 'quarterly' basis from FY 2016-17 onwards.In case of banks having shortfall in lending to the designated priority sector category, the banks are advised by RBI to contribute to Rural Infrastructure Development Fund (RIDF) and other refinance fund every year.
- Government sets annual target for the flow of credit to the agriculture sector. Banks have been consistently surpassing the annual target.
- In terms of revised Kisan Credit Card (KCC) guidelines, provision for term loans for investments towards land development, minor irrigation, purchase of farm equipment and allied agricultural activities, have been made.
- To fulfil the requirements of Cooperative Banks and RRBs to fund investment credit, a Long Term Rural Credit Fund (LTRCF) was set up in the year 2014-15. The corpus was augmented further with an allocation of Rs 15000 crore each during 2015-16 and 2016-17. Rural Infrastructure Development fund (RIDF) fund has a significant share in public investment in rural infrastructure and agriculture. The RIDF investment has helped in creation of additional irrigation potential and construction of a network of rural roads and bridges for better connectivity in far flung areas. Social projects assisted under RIDF have brought improvement in quality of rural life.Due to consistent efforts, the declining trend in the share of agri-term loan to total agriculture disbursements has been arrested and it has increased from 24.83% in 2014-15 to 27.04% in 2015-16 (provisional). In this connection, NABARD has also launched area based schemes across the country for the various investment activities in agriculture for increasing the off take of agriculture term loan.

- To give higher thrust to capital formation in agriculture for improving production and productivity in agriculture sector, a sub target of 32% under Term loan, which works out to Rs 2,85,000 crore within the overall agriculture credit target of Rs. 9,00,000/- crore has been fixed for the year 2016-17.
- The progress of various agencies in respect of disbursement of agriculture credit is reviewed in forums like State Level Bankers' Committee (SLBC), District Consultative Committee/District Level Review Committee (DCC/DLRC) and Block Level Bankers' Committee (BLBCs).

Regarding the observations of the Standing Committee on the need for agriculture infrastructure development, Rural Infrastructure Development Fund (RIDF) set up with National Bank for Agriculture and Rural Development (NABARD) during 1995-96 has a significant share in public investment in rural infrastructure. From the initial corpus of Rs.2000 crore the cumulative resources allocated from RIDF I to XXI (twenty one tranches) reached Rs.242500/ crore against which disbursements was Rs.190023/ crore. The RIDF investment have helped in creation of additional irrigation potential and construction of a network of rural roads and bridges for better connectivity in far flung areas.

'Activities allied to Agriculture', e.g. pisciculture, beekeeping, poultry, livestock, rearing, grading, sorting, aggregation agro industries, dairy, fishery, agriclinics and agribusiness centres, foods & agro-processing, etc (excluding crop loans, land improvement such as canals, irrigation, wells) and services supporting these which promote livelihood or income generating, have been included under Prime Minister Mudra Yojana (PMMY) from April, 2016 onwards.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## Recommendation Serial No. 4

In this context, the Committee would also suggest that the existing Primary Agriculture Credit Co-operative Societies (PACCS) operating at the state level should also be strengthened as an effective tool at the grassroots level for financial inclusion of all farmers. Strengthening of cooperatives should be carried out not only from the credit delivery side but also from skill enhancement and technology angle.

To further this objective, Self Help Groups (SHGs) of farmers have to be established and strengthened with adequate revolving fund for immediate credit needs including consumption needs of farmers. There should also be a cap on interest rate for the SHGs so that they can sustain themselves.

## Reply of the Government

Primary Agricultural Credit Societies (PACS) fall in the domain of respective State Governments. Making the PACS technology enabled will bring transparency and ease of operations. However, funds for computerization of PACS should be provided by State Governments and concerned cooperative institutions.

During 2015-16, 2.06 lakh new SHGs were added taking the number of SHGs saving linked with formal financial institutions to 79.03 lakh as on 31.03.2016. There was a jump of 2.67% in the number of savings linked SHGs over the previous year. Regarding cap on interest rate for the SHGs, DeendayalAntyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM) of MoRD has introduced two interest subvention schemes for women SHGs in rural areas. As per the scheme, in 250 backward districts (Category-1 districts) including all Linkage Action Plan (LAP) districts, all women SHGs will be eligible for loans upto Rs.3 lakhs at upfront 7% interest per annum. Additional subvention of 3% will also be provided to the SHGs on prompt repayment bringing the effective rate of interest to 4%. In the remaining districts (Category-II districts), SHGs will get loans from banks at regular lending rates. Women SHGs on prompt repayment will be subvented to the extent of the difference between lending rate and 7% pa upto loans of Rs.3 lakh. The amount of interest subvention is being directly credited to the bank account of SHGs.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## Recommendation Serial No. 5

The Committee desire that synergy and complementarities among the different agencies of institutional finance available for agriculture and the rural sector in general should be developed and sustained. For this purpose, the Committee would recommend that a thorough survey on credit needs of farmers for production/cultivation, investment and consumption purposes should be conducted under the auspices of NABARD. An authentic data-bank in this regard should be prepared. This should be followed-up by way of comprehensive Agriculture/Rural Credit Plan backed by corresponding institutional finance. The existing mechanism of DLCs with active participation of people's representatives should be galvanized for this purpose.

## <u>Reply of the Government</u>

NABARD has reported that to develop synergy and complementarities among the different agencies of institutional finance available for agriculture and the rural sector in general and also to survey the credit needs of farmers for various purposes, it prepares Potential Linked Credit Plans (PLPs) for each district every year to meaningfully link development and credit planning. The PLPs provide an estimate of the credit which can be potentially absorbed at the district level for agriculture and allied sectors, off-farm sector and other priority sector areas.

Based on NABARD's PLPs, the lead bank of the district prepares the annual credit plan (ACP).The performance of various agencies under the annual credit plan is reviewed as per RBI guidelines under the Lead Bank Scheme in various forums like DCC/DLRCs at district level and in SLBCs at state level.

A task force has been constituted by RBI to examine the feasibility of capturing agriculture credit data directly from the Core Banking Solutions (CBS) of various banks.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

### Comments of the Committee

(*See* Para No. 10 of Chapter - I)

## Recommendation Serial No. 8

The Committee would also like the RBI to review their lending guidelines so as to widen credit access to hitherto neglected groups such as the rural artisans, fishing folk and other traditional occupational groups for their livelihood sustenance and growth. The MUDRA Scheme (Small-ticket unsecured loans below Rs.10 Lakh) can be more extensively and systematically deployed for this purpose in rural/semi-urban areas.

## <u>Reply of the Government</u>

The PMMY guidelines are being reviewed from time to time and it is to inform that 'Activities allied to Agriculture', e.g. pisciculture, beekeeping, poultry, livestock, rearing, grading, sorting, aggregation agro industries, diary, fishery, agriclinics and agribusiness centres, food & agro-processing, etc. (excluding crop loans, land improvement such as canals, irrigation, wells) and services supporting these, which promote livelihood or are income generating, have been included under PMMY from April, 2016 onwards. This would therefore cover neglected groups such as rural artisans, fishing folks and others.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

**Comments of the Committee**

(*See* Para No. 13 of Chapter - I)

## Recommendation Serial No. 9

The Committee would like to point out in this regard that the lending norms of RBI should also scrupulously take into account the regional disparities, peculiarities and social inequities prevailing across the country. 'One-size fits all approach' may not yield the desired results in a geographically and socially diverse county like ours. The uneven spread of rural credit is also amply reflected by varying CD ratios of banks across regions, particularly the Eastern and North-Eastern regions. The Committee would therefore expect the 'priority sector lending' guidelines and norms to be more flexible and attuned to ground realities as also our social priorities. It is necessary that the special development needs of under – developed regions like the North-East are also duly factored in. It should also be ensured that representatives / experts from the agriculture sector are appointed on the Boards of PSBs as per guidelines of RBI.

## Reply of the Government

For year 2016-17, GoI has given the targets for agriculture credit region-wise in addition to agency & purpose-wise to address the regional imbalance. RBI/NABARD/PSBs have been advised to take effective measures to remove regional imbalance in disbursement of agriculture credit. Progress in this regard is reviewed by DFS.

Govt. of India has laid down guidelines for appointment of non-official directors. The revised guidelines dated **March 25, 2015,** for appointment of Part Time Non Official Directors on Boards of Public Sector Banks, stipulate, inter-alia, that persons of eminence with special academic training or practical experience in the fields of agriculture, rural economy, banking, cooperation, economics, business management, human resources, finance, corporate law, Risk management, industry and IT will ordinarily be considered.

Government selects and appoints the Non-Official Directors on the Board of the PSBs. The names of their prospective nominees are forwarded to Reserve Bank of India for vetting. The Reserve Bank, while examining the proposed nominations received from GoI, also checks whether the nominee's credentials satisfy the requirement of special knowledge or practical experience in one or more of the areas stipulated in the said Guidelines, before giving its views to GoI.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## Recommendation Serial No. 10

The Committee are constrained to observe that even as agricultural and rural credit needs remain unfulfilled, the available credit also does not reach the borrowers in timely and hassle-free manner. The insistence on collateral security remains a major impediment in widening and deepening the credit access. This coupled with cumbersome processes and paperwork, entailing needless delay in actual disbursal, act as a dampener. Lack of financial literacy on the part of borrowers only compounds matters for them. The Committee would therefore recommend that RBI and NABARD should take the necessary initiative to ease the processes for quick and smooth disbursal of institutional credit to farmers and rural households. Once the access becomes simple and easy, the reliance on non-formal channels of credit can be expected to diminish. Interest subsidy for farm loans alone will not lessen the influence of informal lender, if the disbursal mechanism is not made accessible, simple and beneficiary friendly. Besides, the awareness campaign should be proactively taken up so as to make the farmers / beneficiaries know about the credit / subsidised credit facilities available to them.

## Reply of the Government

In order to ensure that all eligible farmers are provided with hassle free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. and draw cash to satisfy their consumption needs.

The scheme was reviewed, incorporating many new features over and above the financing of crop production requirements, viz., consumption expenditure, maintenance of farm assets, term loan for agriculture and allied activities, coverage of KCC holders under Personal Accident Insurance Scheme (PAIS), etc. Recently GoI had advised all banks to convert all existing KCCs into ATM/RuPay cards.

Following steps have been initiated by GoI/RBI/NABARD to ensure smooth disbursal of credit to farmers.

vii) To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted and supported by banks.

viii) Banks have been advised by Reserve Bank of India (RBI) to waive margin/security requirements of agricultural loans up to Rs.1,00,000/- . Banks have been advised to dispense with obtaining of "No Dues Certificate" from individual borrowers (including SHGs& JLGs) in rural and semi urban areas for all types of loans including loans under Government sponsored schemes, irrespective of the amount involved unless the Government sponsored scheme itself provides for obtention of " No Dues Certificate" .

ix) Only hypothecation of crops up to card limit of Rs. 1.00 lakh as per the extant RBI guidelines. With tie-up for recovery, Banks to consider sanctioning loans on hypothecation of crops upto card limit of Rs.3.00 lakh without insisting on collateral security.

x) Loans to distressed farmers and to other persons (not exceeding Rs.1,00,000/- per borrower) indebted to non institutional lender is an eligible category under Priority Sector Lending, to enable them to repay their debt to non institutional lenders.

xi) As regards creating awareness among farmers RBI is in the process of exploring new avenues to educate the farmers.

xii) NABARD has also been playing a critical role in promoting financial inclusion by facilitating financial literacy and supporting technological upgradation of cooperative banks and RRBs as indicated below:-

b. **Financial Inclusion Fund:** In order to help Rural Financial Institutions (RFIs) make available their services to people, GoI had constituted two funds viz. Financial 7 Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) in 2007-08 in NABARD. In July 2015, GoI merged FITF into FIF. NABARD has extended financial support under the fund for setting up of 1666 financial literacy centres by RRBs and

Coop. banks across the country. More than 37 lakh RuPay KCC cards have been issued by RRBs and Cooperative Banks with financial support from NABARD under FIF.

b. **Promoting financial inclusion through financial literacy:** NABARD has been supporting RFIs in building capacity and improving financial literacy of various stakeholders. One of the innovative interventions NABARD undertook was to identify the most suitable product, channel and influencers for the rural poor and plan financial literacy around these pivots. To encourage banking in rural areas, for a product like remittance of money via formal banking system, deploying the BCs (Bank Sakhis) model was identified as a fit case to build financial literacy for all stakeholders. In the long run, the SHG leaders may also act as critical agents of change infusing modern agricultural practices and (along with JLGs and farmers' clubs) form the basis for producers' organisations and other collective bodies. Thus it may be seen from the above that regular changes in policy guidelines have been made by GoI, RBI and NABARD to enable farmers to avail credit in time and in a hassle-free manner.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

**Comments of the Committee**

(*See* Para No. 16 of Chapter - I)

## Recommendation Serial No. 11

While welcoming the recent initiatives of the Government with regard to crop insurance, including the Pradhan Mantri Fasal Bima Yojana (PMFBY), the Committee note that problems of information gap, assessment of indemnity in case of crop loss and timely settlement of claims of farmers still remain to be addressed. Farmers also require to be educated about the nature of crop insurance available to them, while linking their crop loss with parameters easily understood by them like incidence of rainfall. The Committee also urge the Government to create awareness about the type of cultivation / crops that should be taken up, keeping in view the soil quality / soil fertility, incidence of rainfall and frequency of drought. Adequate knowledge in this regard should be imparted to the farmers / cultivators so as to reduce the need and tendency for seeking unproductive credit. Further, the per reference unit area for assessment of losses should be small and it should cater even to eventualities, where only a small area of the village is affected, for example, hail storm affecting only certain fields. In this connection, the Committee recommend that Crop Insurance cover should be expanded to cover all the crops and the entire country instead of restricting the coverage to selective crops and specific seasons like kharif and rabi etc. The present initiative by the Government to use information technology will no doubt help bring transparency in the process. However, the Committee are concerned about the fact that despite crop insurance being mandatory for loanee farmers, coverage is still very low due to lack of enforcement of the compulsory provision. The Committee would therefore expect the Governments, insurers, RBI and NABARD to make concerted efforts to enforce the compulsory provision of the scheme. In this regard, suitable mechanism should also be put in place to link the crop loan with the crops sown in Kharif and Rabi seasons, so that insurance protection is automatically available for the actual crop sown. The Committee desire that crop damage assessment should be done quickly within a specified time frame, say within two weeks or so of the calamity / event and, compensation to farmers be deposited directly to their accounts possibly within a week of such an assessment. The Committee would expect the Government to leverage the ongoing mobile/aadhar-based digitalization and financial inclusion programme to achieve the desired results.

## **Reply of the Government**

**Pradhan Mantri Fasal Bima Yojana (PMFBY)**

PMFBY is a scheme of the Ministry of Agriculture. Available to all Farmers - Compulsory for loanees and optional for non-loanees. The Scheme is implemented through bidding process by the empanelled Insurance Companies of the Ministry of Agriculture, which includes Public Sector General Insurance Companies also. The Companies bid, based on their own commercial judgement.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## **Comments of the Committee**

(*See* Para No. 19 of Chapter - I)

## **Recommendation Serial No. 12**

The Committee would also emphasise on the urgent need to make Crop Insurance Scheme popular among the farming community, while instilling confidence among them about the efficacy of the scheme. For this purpose, wide publicity needs to be provided about the schemes through electronic media, mobile phones, KrishiVikasKendras

(KVKs) etc. so that even those farmers who have not availed of institutional credit including tenant farmers and share croppers are brought under the ambit of crop insurance. Massive awareness camps should be conducted among farmers, especially in States / districts which are highly vulnerable.

## Reply of the Government

**Publicity:** NABARD has advised all their Regional Offices vide Circular No. 76/FSPD-02/2016 dated 21st April, 2016 to develop operational manuals in regional languages under the aegis of the State Level Coordination Committee on Crop Insurance(SLCCCI), encourage banks to give wide publicity on the benefits of Pradhan Mantri Fasal Bima Yojana (PMFBY) through mass media, poster campaigns, street plays etc. The PMFBY also provides for maximizing the efforts towards coverage of non-loanee/tenant farmers under the PMFBY so as to achieve the coverage of crop insurance scheme.

The State Governments/ UTs in collaboration with Insurance Companies are making efforts at capacity building of the associated agents, banks etc for effective implementation of the scheme and organize training workshops/ sensitization programme for them in association with participating insurance companies.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

### Comments of the Committee

(*See* Para No. 22 of Chapter - I)

## Recommendation Serial No. 14

In sum, the Committee desire that the agricultural/rural credit dispensation including crop insurance policies of the Government should be tailored in a manner that will lower the costs of farming, raise farm revenue and thereby increase farmers' income. The Committee would like to be apprised of the concrete steps taken / being taken towards this goal.

## Reply of the Government

Effective and hassle-free agriculture credit is an important driver of agricultural production. While the short term agriculture credit is required to ensure desired level of crop production leading to food security, the long-term agriculture credit is crucial for capital formation and asset creation leading to sustainability and viability of both production and productivity. With the objective of ensuring hassle-free credit to farmers, the Government has been fixing targets for flow of credit to agriculture by the banking sector every year. The details of targets and the achievements during the last three years are as under:-

(Rs. in crore)

| Year | Target | Achievement |
|---|---|---|
| 2013-14 | 7,00,000 | 7,30,122.62 |
| 2014-15 | 8,00,000 | 8,45,328.23 |
| 2015-16 | 8,50,000 | 8,77,527.05* |

(Source: NABARD)

*Provisional data

To give higher thrust to capital formation in agriculture for improving production and productivity in agriculture sector, a sub target of Rs 2,85,000 crore under Term loan, within the overall agriculture credit target of Rs. 9,00,000/- crore has been fixed for the year 2016-17. For year 2016-17, GoI has given the targets for agriculture credit region-wise in addition to agency & purpose-wise to ensure regional balance. Further, the ratio of agricultural credit to agricultural GDP has increased from 12 per cent in 2001-02 to around 42 per cent by 2015-16. However, the share of long-term credit in agriculture has declined from 35 per cent in 2001-02 to 27 per cent in 2015-16. In view of this, the Government has prioritized lending towards investments in agriculture and allied sectors to enhance capital formation in agriculture. Accordingly, the Government of India has allocated in 2016-17, Rs.15,000 crore to the Long Term Rural Credit Fund (LTRCF) set up in NABARD in addition to the allocation of Rs.15,000 crore in 2015-16. With the help of this fund, the Cooperative Banks and Regional Rural Banks (RRBs) can draw much higher refinance support from NABARD for financing medium term and long term agricultural loans during 2016-17.

Further, Government of India through the Department of Agriculture and Farmers Welfare implements an Interest Subvention Scheme for short term crop loans up to Rs.3.00 lakh so as to ensure availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

**CHAPTER III**

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

## Recommendation Serial No. 3

The Committee also finds that the present structure of Regional Rural Banks (RRBs), with commercial banks as the sponsor banks, does not seem to be working well, as RRBs have become dispersed units without the requisite resources and focus. They, therefore, are of the view that a national-level apex body should be created for RRBs in association with NABARD. Such a body should structure itself and focus on expansion of credit facilities to the remotest corners of the country's rural economy including accessible areas, hilly regions, tribal hamlets etc. so that the regional imbalance and deficit in the network of PSBs can be bridged.

## Reply of the Government

At present RRBs are sponsored by Commercial Banks. The Commercial Banks hold 35% of the equity of the RRBs and provide managerial support as per the provisions of RRB Act, 1976. Thus, the RRBs have the advantage of professionalism of the Sponsor Banks.

The RRBs are primarily rural based and focused on the activities aiming at integrated rural development. This is evident from the fact that as against the priority sector lending target of 75% the national average of achievement in priority sector lending by RRBs is 84%. Thus, the RRBs are focused on rural development of the country.

With focused Financial Inclusion Programme (FIP) all the RRBs have been mandated to reach out to the rural people either by brick and mortar branch or Ultra Small Branches (USBs) or through Business Correspondent (BC) model. This is reviewed by the Board of the RRBs regularly and also in the State Level Bankers Committee Meetings.

As on 31 March 2016 RRBs have more than 20,000 branches in 645 districts in the country and 5586 USBs.  RRBs have appointed more than 34000 BCs and are equipped to take the road map of financial inclusion forward.

NABARD serves as a catalyst by helping these banks not only to face the present but also to face the future by strengthening the capacity of these institutions through various developmental and supervisory initiatives. Since 1982, in this direction

NABARD has been taking following major initiatives in association with GoI and RBI to improve the health of Regional Rural Banks.

In terms of the RRB Act, 1976, NABARD is assigned the following role/s:

a) **Appointment of Nominee Director of NABARD**:

In terms of Section 9(1)(c), one Director who is an officer of the National Bank, is to be nominated by the National Bank on the Board of a RRB. This helps in keeping a close watch on RRBs.

b) **Appointment of Chairman of RRBs**:

In terms of Section 11, the Chairman of RRB is appointed/ removed in consultation with NABARD.

c) **Regulation**:

In terms of Section 30 [1], the BoD of the RRBs makes regulations after consultation with Sponsor Bank and NABARD and with previous sanction of GoI.

d) **Empanelment of Auditors for Audit of RRBs:**

NABARD facilitates empanelment of Auditors for Statutory of Audit of RRBs and recommends to GoI for approval.

In addition to above, the following are the major institutional developmental initiatives by NABARD in association with GoI.

i. **Recapitalisation**: As per the regulatory norms RRBs had to maintain CRAR @ 9%. NABARD Coordinates with RRBs and Sponsor Banks and recommends to GoI for recapitalization.

ii. **RRB Amendment Act, 2015**: NABARD played a major role in RRB Amendment Act, 2015. It was notified by GoI on 12 May 2015. The amendment has enhanced the authorized capital of RRBs to Rs 2,000 crore. This will help the bank to strengthen its owned fund and leverage it with the credit growth. It has also enabled RRBs to raise capital from sources other than existing stakeholders.

iii. **Performance Linked Cash Incentive**: The scheme was introduced by GoI in 2009. The modified Performance Evaluation Matrix (PEM) for computation of incentives of the chairpersons of RRBs, similar to revised PEM developed for a whole time directors of PSBs was approved by GoI in consultation with NABARD. The revised PEM has come into effect from financial year 2015-16.

iv. **<u>Half Yearly Review Meetings</u>**: Two half yearly review meetings of RRBs were organized by NABARD to review the performance of RRBs. Issues faced by RRBs were discussed and suitable action plan to be taken by various stakeholders are identified.

v. **<u>Review meeting of RRBs with sub-par performance</u>**: NABARD also undertakes review of RRBs having sub-par performance. The performance of the affected RRBs is discussed in detail and the Chairmen are advised to initiate specific implementable time bound action plan to improve the performance of the RRB.

vi. **<u>Business Advisory Committee</u>**: To enhance the credit it is necessary to identify the potential in the area of operation of the RRBs and also to find out the risks involved in various portfolios. In order to have a consultative process for increase of business of the RRBs, NABARD has advised all RRBs to constitute Business Advisory Committee to guide them in identifying potential business areas and expand their business.

vii. **<u>Chief Labour Commissioner (CLC)/Regional Labour Commissioner(RLC):</u>** NABARD facilitates the Agenda and discussion between Chief Labour Commissioner/Regional Labour Commissioner and other stake holders and participates in conciliation proceedings between CLC/RLC and National Level RRB Unions/Associations.

viii. **<u>Capacity building and Training of Chairman/Directors(Non-Official) Sponsor Banks, Nominee Directors of NABARD:</u>**

NABARD facilities the capacity building of members of Board of Directors through its own training establishments.

ix. **<u>Joint Consultative Council</u>**:

NABARD facilitates recommendation of Joint Consultative Committee constituted by GoI under the Chairmanship of Chairman NABARD, for conducting negotiations on various HR –related issues related to RRBs.

Therefore, keeping in view the above role of NABARD as far as the aspect of Institutional Development is concerned, creating a National Level Apex Body in association with NABARD may act as an additional tier to the existing structure.

In view of the above, there may not be a need for creating an additional structure / or new structure. Therefore, present system may be allowed to continue.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## Recommendation Serial No. 6

NABARD, as the apex body for agricultural/rural credit, also needs to be beefed up by sufficient long-term capital to ensure flow of adequate funds to cooperatives and boost capital formation in agriculture. The Committee desire that the existing dispensation in the form of NABARD which has served the country reasonably well over the years, and is best placed for synergising credit operations at ground level, should be further strengthened and utilised more extensively and effectively for a much wider reach and coverage. The Committee would expect NABARD to play a more pro-active role in this direction in a more systematic and planned manner. The Committee also desire that NABARD should operate & lend more directly, eliminating intermediaries as far as possible, so that the beneficiary farmers can avail of the credit in time and adequate measure.

### Reply of the Government:

RBI has reported that they are in the process of applying Basel III Framework to NABARD. The impact study carried out by the Bank indicates that the proposed switch over to Basel III leverage ratio from the current resource raising norms (10 times Net Owned Funds) will significantly increase the lending capacity of NABARD for a given capital amount.

Further, RBI is of the view that given the role of supervisor and refinance agency played by NABARD in rural and agriculture finance sector, normally it need not engage in direct lending. However, if NABARD intend to do this, it should be confined to those activities where bank finance is scarce.

Following proactive steps have been taken by NABARD for synergising credit operations at ground level;

- NIDA (NABARD Infrastructure Development Assistance) is a new line of credit support for funding rural infrastructure projects. NIDA is designed to fund State owned institutions/ corporations on both on-budget as well as off-budget for creation of rural infrastructure outside the ambit of RIDF borrowing. The assistance under NIDA is available on flexible interest terms with longer repayment period up to 15 years.

- NABARD supports, in the form of grant, loans, or a combination of these to Producer Organizations (POs), adopting a flexible approach to meet the needs of producers.
- NABARD extends financial support to eligible Marketing Federations. These marketing federations and cooperatives play a very important role in agribusiness and value/supply chain management of the various agricultural commodities including milk. The major activities undertaken by these institutions are procurement of agricultural commodities including milk, aggregation, storage and value addition in few select commodities like milk etc. and marketing. Large number of farmers, producer's organizations and primary societies depend on these institutions for marketing of their produce and for value added services like input supply, value addition and storage facilities.
- NABARD has developed a product viz. 'Short Term Multipurpose Credit Product' (STMPCP) to provide financial assistance to Co-operative Banks (StCBs/DCCBs) primarily to expand their lendable resources and also enable them diversify business operations to improve their profitability.
- Umbrella Programme for Natural Resource Management (UPNRM): The programme objective is to contribute to mainstreaming of holistic, participatory and financially sustainable livelihood solutions into public NRM policies and financial instruments for improving the livelihoods of the rural poor based on the sustainable natural resource use and management.

Hon'ble Finance Minister in his Budget Speech during 2016-17 has announced creation of a dedicated Long Term Irrigation Fund (LTIF) in NABARD with an initial corpus of Rs. 20,000 crore. Further, Government is in the process of amending NABARD Act, 1981, inter-alia, to enhance the capital base of NABARD from present Rs. 5000 crore to Rs. 30,000 crore.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## Recommendation Serial No. 7

The Committee note that as per RBI priority sector guidelines, till 2015, agriculture credit was bifurcated into two categories, i.e. direct and indirect credit. The indirect component was restricted to 4.5%and banks were required to lend the remaining part of the stipulated quota, that is, 13.5%of their Adjusted Net Bank Credit (ANBC) to direct agriculture loans, failing which they had to contribute the amount of shortfall to primarily the Rural Infrastructure Development Fund (RIDF). However, the Committee find that under the Revised Priority Sector Guidelines issued by RBI, "all domestic scheduled commercial banks and foreign banks with 20 and above branches have been mandated to earmark 18% of their ANBC or credit equivalent amount of their off-balance sheet exposure, whichever is higher, for lending to agriculture". Under these guidelines, lending to agriculture has been redefined to include (i) farm credit (which will include short term crop loans and medium/long-term credit to farmers) (ii) agriculture infrastructure and, (iii) ancillary activities. Within the 18%target for agriculture, a target of 8% in prescribed for small and marginal farmers, to be achieved in a phased manner, that is, 7% by March 2016 and 8% by March 2017. Foreign banks with 20 branches and above have been stipulated a longer period of the maximum five years (April 1, 2013to March31, 2018)to achieve this target. The Committee thus note that under the revised priority sector guidelines issued by RBI, no distinction has been made between direct and indirect agriculture loan. Although, in terms of these revised guidelines, banks have been advised to ensure that overall direct lending to non-corporate farmers does not fall below the system-wise average of last three years' achievement, the Committee have gathered during the course of their wide-ranging discussions held with bankers during the study visits that a significant portion of the credit under 'agriculture' relate to various non-agricultural activities like logistics, warehousing, cold storages etc. Priority Sector Loans advanced in urban areas have also been camouflaged as agri-credit. This, therefore, raises a well-founded apprehension that the actual credit needs of farmers for Cultivation including pre and post harvest operations, contingencies and other activities more directly and closely related to farming are not being adequately met. The supply of credit thus falls way below the cultivator's requirement. The obliteration of the distinction between direct and indirect lending to agriculture also runs the risk of marginalising the small and marginal peasants from the credit scenario, even though they constitute the bulk of the farming community in the country. Their genuine needs have thus not been adequately factored in and sustained. Further, it is the Public Sector Banks (PSBs) who have been shouldering much of the allocated responsibility under 'priority sector credit' to agriculture. The Committee would expect all the banks mandated by RBI in this regard to gear up their efforts to achieve the stipulated targets for agriculture credit, including the Private Sector Banks and other Financial Institutions. The Committee would also recommend that the RBI should re-visit the priority sector norms with enhanced targets for agriculture, while restoring the distinction between direct and indirect credit to agriculture. The credit sub-component for the small and marginal peasants should also be substantially enhanced and made mandatory. The Committee desire that even as non-agricultural activities are encouraged and institutionally supported, direct credit needs of actual cultivators including term loans for purchase of livestock, implements, seeds etc., should not be lost sight of, as this is the crux of rural banking. When their credit needs are ignored, rural distress becomes an inevitable corollary.

**<u>Reply of the Government</u>**

The revised directions on Priority Sector Lending issued by RBI focus on credit to small individual farmers, wherein a new sub-target of 8% for small and marginal farmers by March 2017 has been fixed to help in increasing the flow of credit to small and marginal farmers. RBI has reported that the apprehensions as to the removal of distinction in direct and indirect agriculture have been addressed by providing a separate sub-target for the small and marginal farmers. In addition the components of Farm credit include components of direct credit including medium/long term investment credit for farmers. The focus is on need of credit 'for agriculture' and not 'in agriculture'. A need was felt to develop the entire value chain to give a holistic approach to agriculture so as to facilitate and develop the credit absorption capacity of the farmers and help create rural infrastructure and processing capabilities over a period of time.

Additionally, domestic banks are directed to ensure that the overall lending to non-corporate farmers does not fall below the system-wide average of the last three years achievement. Banks are required to make all efforts to reach the level of 13.5 percent direct lending to the beneficiaries who earlier constituted the direct agriculture sector. The applicable system wide average figure for computing achievement under priority sector lending is notified every year. For FY 2015-16, the applicable system-wide average figure was 11.57 percent. The shortfall in achieving this target is reckoned for RIDF allocation.

Further, Group of Secretaries in their report on *Farmer centric issues in agriculture and allied sector* have also recommended that 8% of net bank credit should go to small and marginal farmers and coverage of small and marginal farmers needs to be increased by

10% every year. Their recommendations have been accepted by Government and are being monitored by NITI Aayog. DFS had requested RBI and NABARD to regularly monitor the progress of implementation of the recommendation of Group of Secretaries and submit the report to DFS on quarterly basis. RBI and NABARD were also requested to issue suitable instructions to the Commercial Banks, Cooperative Bank and RRBs in this regard.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

## CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

### Recommendation Serial No. 2

As regards term loans for farmers, the Committee` are of the view that the instrument of KCCs can be modified and used for this purpose by providing enhanced credit, say five or six times the crop loan, after every five years or so. Farmers can then be permitted under the KCC scheme to inform the bank in advance, in case he is willing to avail enhanced credit. The coverage of KCC can thus be expanded and it can also be conveniently linked to land records, Jandhan Yojana bank account; Aadhaar etc. Such a widening of KCC ambit will not only enhance access of farmers to institutional credit but also boost the confidence of financial institutions with regard to the borrowers.

### Reply of the Government

RBI has reported that for the period ended March 2016, term loans constitute 12.72% of total KCC outstanding while crop loans constitute 87.28 %. In a majority of cases, KCC limit is granted normally for meeting short term credit requirements. Farmers normally approach for term loans/investment credit separately for meeting their various investment credit needs for developments on the farm. Since the assessment and appraisal of these investment loans require more detailed examination and also some of the investments require repayment period of more than 5 years, these loans are extended separately outside the KCC limit. All these term / investment loans which are not sanctioned as a part of KCC are therefore not reported under Term Loans under KCC. However, they are reported under Investment Credit in the Quarterly Statement on Priority Sector Advances and Sectoral Deployment of credit of the RBI. During the year 2016-17 for quarter ended upto 30.06.2016, cumulative disbursement under term loans constitute 28.07% of total advances to agriculture & allied activities.

NABARD has reported that adequate provision is in place to meet the term loan credit requirement of farmers. Fixing of term loan in multiple of crop loan, without taking into account actual cost of asset, will lead to under/over financing and may result in diversion of funds or additional interest burden on farmer.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

**Comments of the Committee**

(*See* Para No. 7 of Chapter - I)

## Recommendation Serial No. 13

There is also a need to increase the risk-bearing capacity of farmers by promoting integrated farming (comprising livestock, animal husbandry, fish-breeding in land-locked areas, pisciculture etc.) and associated crop insurance so that servicing debt becomes self-sustaining. The Committee would thus recommend an integrated and comprehensive credit-crop-livestock health insurance package for all farmers. Crop insurance coverage may also be enlarged and made universal by including all the crops in the entire country, insuring all major risks that may lead to crop failure.

## Reply of the Government

The Public Sector General Insurance Companies (PSGICs) have recently been empanelled to participate in Pradhan Mantri Fasal Bima Yojana (PMFBY). The Companies have not come across issues like problems of information gap, assessment of indemnity in case of crop loss, timely settlement of claims etc. The PSGICs are conducting awareness campaigns to make PMFBY popular in the states which are allotted to them through tender.

**[Ministry of Finance(Department of Financial Services) O.M. No.7/50/2015-P&C dated 10.01.2017]**

All concerned departments relating to coverage of farmers' risks are working for betterment of farmers. Department of Agriculture, Cooperation and Farmers Welfare has taken a small step to cover assets of farmers other than crop by introducing a Unified Package Insurance Scheme (UPIS) on pilot basis in 45 districts of the country. In addition to crops coverage i.e. PMFBY/Restructured Weatehr Based Crop Insurance Scheme (RWBCIS), six other assets i.e, Loss of Life (Prime Minister Jeevan Jyoti Bima Yojana - PMJJBY), Accidental Death & Disability (Pradhan Mantri Suraksha Bima Yojana - PMSBY), Student Safety, Household, Agriculture implements & Tractor has been covered under UPIS). While Crop Insurance is compulsory, however, farmers must choose atleast two section from remaining. These six sub-sections were decided after stakeholder discussions when integration of livestock with crop insurance was also considered and not found feasible due to implementation issues and as most of the States were already providing some assistance to the livestock sector.

PMFBY provides comprehensive risk insurance against all non-preventable risks and all food & oilseed crops, annual commercial/horticultural crops are covered under the scheme subject to availability of past yield data. It is however, the prerogative of the State Government to decide/notify both crops and areas for implementation in each season in their respective States. Crops and areas under the scheme are notified by the concerned State Government.

**[Ministry of Agriculture and Farmers Welfare (DAC & FW) F.No. 18012/1/2015-Cr.II dated 31.10.2016]**

**Comments of the Committee**

(*See* Para No. 25 of Chapter - I)

# CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

-NIL-

**NEW DELHI**
**<u>02 August , 2017</u>**
**11 Shravana, 1939 (Saka)**

**DR. M. VEERAPPA MOILY,**
**Chairperson,**
**Standing Committee on Finance.**

**Minutes of the Nineteenth sitting of the Standing Committee on Finance**
**The Committee sat on Friday, the 30 June, 2017 from 1200 hrs to 1230 hrs,**
**Chamber of Chairperson, Room No. 114, Parliament House Annexe, New Delhi.**
**PRESENT**

**Dr. M. Veerappa Moily - Chairperson**

**LOK SABHA**

2. Shri T.G. Venkatesh Babu
3. Shri P.C. Gaddigoudar
4. Shri Shyama Charan Gupta
5. Shri Rattan Lal Kataria
6. Shri Bhartruhari Mahtab
7. Shri Rayapati Sambasiva Rao
8. Prof. Saugata Roy
9. Shri Gopal Chinayya Shetty
10. Shri Anil Shirole
11. Dr. Kirit Somaiya
12. Shri Dinesh Trivedi

**RAJYA SABHA**

13. Shri Naresh Gujral
14. Dr. Mahendra Prasad
15. Shri Ajay Sancheti
16. Shri Digvijaya Singh
17. Dr. Manmohan Singh

**SECRETARIAT**

| | | | |
|---|---|---|---|
| 1. | Smt. Abha Singh Yaduvanshi | - | Joint Secretary |
| 2. | Shri R.C. Tiwari | - | Director |
| 3. | Shri Ramkumar Suryanarayanan | - | Additional Director |
| 4. | Shri Kulmohan Singh Arora | - | Deputy Secretary |

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee, thereafter, the Committee took up the draft report on action taken by the Government on recommendations contained in 34th Report (16th Lok Sabha) of the Ministry of Finance (Department of Financial Services) on the subject 'State of Rural / Agricultural Banking and Crop Insurance'.

3. After some deliberations the Committee adopted the above draft report with some modifications as suggested by Members. The Committee authorised the Chairperson to finalise the report in the light of the modifications suggested and present the same to Parliament.

The Committee then adjourned.

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-FORTH REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON 'STATE OF RURAL/AGRICULTURAL BANKING AND CROP INSURANCE' OF THE MINISTRY OF FINANCE (DEPARTMENT OF FINANCIAL SERVICES)

| | | Total | % of total |
|---|---|---|---|
| (i) | Total number of Recommendations | 14 | 100.00 |
| (ii) | Recommendations/Observations which have been accepted by the Government (vide Recommendations at Sl.Nos. 1,2,3,5,6,7,8,& 9) | 09 | 64.29 |
| (iii) | Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies | 03 | 21.42 |
| (iv) | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (vide Recommendations at Sl. No. 4) | 02 | 14.29 |
| (v) | Recommendations/Observations in respect of which final reply of the Government are still awaited | Nil | 00.00 |