

## Agricultural Credit

### *Flow of Institutional Credit to agriculture*

8.32 The total ground level credit flow for agriculture and allied activities increased from Rs.46,268 crore in 1999-00 to Rs.86,981 crore in 2003-04, and further to Rs.1,25,309 crore in 2004-05. The target of agriculture credit flow for the year 2005-06 was fixed at Rs.1,41,000 crore. The achievement on December 31, 2005 was 83.6 per cent with such credit at Rs.1,17,899 crore (Table 8.13). Around 58.3 lakh new farmers have been financed by all the banks. An amount of Rs. 2,939 crore was provided as debt relief by all agencies to farmers in distress, farmers in arrears and under One Time Settlement (OTS) during 2005-06 up to November 30, 2005. Under special OTS scheme, old and chronic loans amounting to Rs. 342 crore have been settled. Commercial banks have provided Rs.14 crore as advances to 4,074 farmers to enable them to redeem their debts from money lenders. The corresponding figures for Cooperative Banks and Regional Rural Banks (RRBs) are Rs. 1.30 crore and Rs. 4.44 crore, respectively.

### *Kisan Credit Card Scheme*

8.33 The Kisan Credit Card (KCC) Scheme, introduced in 1998-99, has made rapid progress with the banking system issuing more than 556 lakh cards (November 30, 2005). The scheme has helped in augmenting the flow of short-term crop loans for seasonal agricultural operations to farmers. Besides the existing facilities of providing crop loan, the scope of KCC Scheme has been enlarged to

include term loans for agriculture and allied activities along with a component to meet the consumption needs. Further, to provide adequate and timely credit support from the banking system to the farmers for their cultivation needs and to improve their accessibility to bank credit, the credit delivery mechanism is being simplified with more flexibility in the use of KCC.

### *Cooperative Credit*

8.34 As per the recommendations of the Task Force on Reviving the Cooperative Credit Structure (Chairman: Prof. Vaidyanathan), Government has finalized actions with regard to short-term cooperative credit structure. Government's share of the total financial package has been increased from 53 per cent to 68 per cent on an aggregate basis.

### *Self-Help Groups (SHG) Bank Linkages Programme*

8.35 The SHG Bank Linkage Programme has emerged as the major micro finance programme in the country. By December 2005, 18.30 lakh SHGs had been provided credit aggregating Rs.8,319 crore by the banking system. The focus under the SHG bank linkage programme is largely on those rural poor who have no sustained access to the formal banking system. The target-group, therefore, broadly comprises small and marginal farmers, agricultural and non-agricultural labourers, artisans and craftsmen and other poor engaged in small businesses like vending and hawking.

**Table 8.13 : Institutional credit to agriculture**

(Rs. crore)

Agency	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06*
Cooperative Banks	20,800	23,604	23,716	26,959	31,231	28,947
RRBs	4,220	4,854	6,070	7,581	12,597	11,146
Commercial Banks	27,807	33,587	39,774	52,441	81,481	77,806
Total	52,827	62,045	69,560	86,981	1,25,309	1,17,899

\* Upto December 31, 2005  
Source : NABARD.