

Agricultural credit

8.38 The total credit flow to agriculture and allied sector during the Ninth Plan (1997-02) is expected to have reached Rs.2,33,700 crore as against the projection of Rs.2,29,000 crore. For the Tenth Plan Period (2002-07) the credit flow into agriculture and allied activities from all banking agencies is projected at Rs 7,36,570 crore, which is more than three times the credit flow during the Ninth Plan. The target for credit flow for the agriculture and allied sector for the current year is Rs 82,073 crore (Table 8.13).

Kisan Credit Card (KCC) Scheme

8.39 The Kissan Credit Card Scheme, introduced in 1998-99, as an innovative scheme to facilitate access to short term

credit by farmers, has gained popularity and its implementation has been taken up by 27 commercial banks, 378 District Central Cooperative Banks/State Cooperative Banks and 196 Regional Rural Banks throughout the country. The number of cards issued and the amount sanctioned under the scheme has increased in each successive year since its inception to reach a total of over 271 lakh cards involving an amount of over Rs 64000 crore by September 2002 (Table 8.14). With a view to generating greater awareness about the scheme so that all the eligible agricultural farmers are covered under the scheme by 31 March 2004 and to educate the card holders to use the cash credit facility more optimally and efficiently, NABARD has formulated a model scheme to channelise its

Table 8.13 : Flow of institutional credit to agriculture

(Rs crore)

Institutions	1997-98	1998-99	1999-00	2000-01\$	2001-02@	2002-03 Target
Co-operative Banks	14,085	15,957	18,363	20,784	27,080	35,111
Percent share	44	43	40	39	42	43
Short-term	10,895	12,571	14,845	16,564	21,542	24,711
Medium/Long-term	3,190	3,386	3,518	4,220	5,538	10,400
Regional Rural Banks	2,040	2,460	3,172	4,219	4,956	5,745
Percent share	6	7	7	8	8	7
Short-term	1,396	1,710	2,423	3,239	3,415	3,145
Medium/Long-term	644	750	749	980	1,541	2,600
Commercial Banks	15,831	18,443	24,733	27,711	31,964	41,217
Percent share	50	50	53	53	50	50
Short-term	8,349	9,622	11,697	13,480	16,004	17,073
Medium/Long-term	7,482	8,821	13,036	14,231	15,960	24,144
Total	31,956	36,860	46,268	52,714	64,000	82,073
Percent increase	21	15	26	14	21	28
\$ Provisional @ Estimated						
Source : NABARD.						

Table 8.14 : Number of Kisan Credit Cards and amount sanctioned

Agency	1999-2000		2000-2001		2001-2002		2002-2003 (upto September 2002)		Cumulative progress (upto September 2002)	
	No. of cards issued (lakh no.)	Amt. sanc. (Rs cr)	No. of cards issued (lakh no.)	Amt. sanc. (Rs cr)	No. of cards issued (lakh no.)	Amt. sanc. (Rs cr)	No. of cards issued (lakh no.)	Amt. sanc. (Rs cr)	No. of cards issued (lakh no.)	Amt. sanc. (Rs cr)
Coop. Banks	35.95	3606	56.14	9412	54.36	15952	27.85	10537	175.85	40333
RRBs	1.73	405	6.48	1400	8.33	2382	4.59	1013	21.20	5211
Comm. Banks	13.66	3537	23.90	5615	30.71	7524	2.03	598	74.76	18521
Total	51.34	7548	86.52	16427	93.40	25858	34.47	12148	271.81	64065
Source : NABARD.										

financial support out of its Cooperative Development Fund (CDF) by way of one time grant to all SCBs and DCCBs, with a budget allocation of Rs 6 crore. The scheme announced in 2002-03 Budget for personal insurance cover for accidental death or permanent disability for the KCC holders (upto maximum amount of Rs.50,000 and Rs.25,000 respectively) has been operationalised by a number of banks.

Self-help groups (SHGs)

8.40 The concept of self-help groups (SHGs) promoted by NABARD for financing the poor by formal institutions and the non-formal institutions, which made a beginning in 1991-92 by linking self-help groups with the formal credit agencies, has made significant progress. With the setting up of 1.8 lakh additional self-help groups (as against the target of one lakh additional self-help groups) during 2001-2, taking the total so far to more than 4.6 lakh self-help groups covering more than 78 lakh families, the scheme has the distinction of being the largest micro credit programme in the world. The target for 2002-03 has been fixed at 1.25 lakh self-help groups.

Rural Infrastructure Development Fund (RIDF)

8.41 The RIDF, the contribution to which is received by NABARD from scheduled commercial banks against their shortfall in priority sector/agricultural lending during the preceding year, has a cumulative corpus of Rs 28,500 crore at present, under tranches I to VIII. Total sanctions and disbursement under various tranches of RIDF amounted to Rs 25,976 crore and Rs 15,128 crore respectively as on January 3, 2003. The fund for RIDF VIII was enhanced from Rs 5000 crore to Rs 5500 crore in 2002-03, while the rate of interest reduced from 10.5 percent to 8.5 percent in the 2002-03 Budget proposals, with the provision that the interest rate would henceforth be fixed at the prevailing bank rate plus 2 percent. Further, it was stipulated that assistance to the States from RIDF would be linked to reforms in the agriculture and rural sectors. Out of the corpus of Rs. 5,500 crore allocated under RIDF VIII, sanctions amounting to Rs. 1,100 crore were earmarked for loans linked to reforms taken up/to be taken up by States in respect of agriculture marketing, irrigation, electricity supply and tribal welfare.