

Agricultural Credit

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AGRICULTURAL CREDIT

Agriculture is a dominant sector of our economy and credit plays an important role in improving agriculture production, productivity and thus mitigating the distress of the farmers. Along with other inputs, credit is essential for establishing sustainable and profitable farming systems. For a long time, the major source of agricultural credit was private moneylenders. But this source of credit was inadequate, highly expensive and exploitative. To curtail this, a multi-agency approach consisting of cooperatives, commercial banks and regional rural banks, has been adopted to provide cheaper, timely and adequate credit to farmers.

Therefore to facilitate pragmatic resource-based credit planning process at micro level, a comprehensive Credit Plan is prepared for each district for the year 2017-18. The objective is to provide timely agricultural credit to farmers at lesser interest rate. The broad details of credit plan are as follows:

As per NABARD projections, it is proposed to disburse Rs. 91556.79 Crores towards Agriculture Credit during the year 2017-18 (Annexure I), The targets under Agricultural Credit are as follows:

I. Crop loans: Kharif Target	:	Rs. 39728.34 crores
Rabi Target	:	Rs. 25434.90 crores
Total Target	:	Rs. 65163.24 Crores.
II. Agriculture Term Loans including		
Allied to Agriculture	:	Rs. 26393.55 Crores.
Total Target	:	Rs. 91556.79 Crores

Financing to Land Licensed Cultivators:

In Andhra Pradesh, many of the tenant farmers are cultivating lands on “Oral Lease basis”. There are no written agreements for tenancy and also no practice of noting the tenancy particulars in Govt. revenue records.

Andhra Pradesh is the 1st state in entire India to promulgate an Act No. 18 of 2011 dt. 23.12.2011 (The Andhra Pradesh Land Licenced Cultivators Act, 2011), to provide loan and other facilities eligibility card to the farmers, who raise crops with express or implied permission of the owners, enabling them to access credit from the financial institutions and to claim benefits of input subsidy, crop Insurance, compensation for damage of Crops etc.

During 2017-18, it is proposed to facilitate institutional credit to **8,61,056** Land licensed cultivators who have been issued **with** Loan Eligibility Cards (LEC) by the Revenue Department. (Annexure II).

Issue of “Certificate of Cultivation” to tenant farmers:

- ❖ The SLBC subcommittee on “Tenant Farmers & suicides” has resolved that the banks can extend the finance to “Certificate of Cultivator” (tenant farmers) upto Rs. 1.00 lakh on hypothecation of crop and without insisting on collateral security as per the existing norms, basing on the certificate of cultivators details provided by the Agriculture Department.
- ❖ The Certificate of Cultivation will facilitate more number of tenant farmers in getting bank loans. The Certificate of Cultivation details will be issued by the Agriculture Department.
- ❖ The Sub Committee members, NABARD, SLBC and Major banks have discussed the modalities for issue of Certificate of Cultivators” on 13.6.2016 and finalised the modalities for issue of Certificate of Cultivators.
- ❖ During 2017-18, it is proposed to issue **7,39,427 COCs to tenant farmers** who have not been issued Loan Eligibility Cards (LEC) by the Revenue Department.
- ❖ The Department has also initiated necessary steps to maintain the online data base of the Tenant farmers issued with Certificate of Cultivators on APAGRISNET portal <http://www.apagrisnet.gov.in/> for easy access to the bankers.

Strategies to be adopted to achieve the targets:

- ❖ Banks may sanction crop loans on top priority before commencement of the cropping season.
- ❖ Banks may issue crop loans strictly **adhering to the scale of finance** fixed by the District level Technical Committee (DLTC), and to prominently display scales of finance in their notice boards.
- ❖ Targets are being fixed to Banks for issue of Crop loans to tenant farmers on prorata population basis.
- ❖ LEC card holders should also be covered under loaning on par with regular farmers on production of Loan and other Eligibility Card, either single or in a group mode of Joint Liability Group(JLG).
- ❖ Revenue Department may renew the Loan and Other Eligibility cards already issued and issue fresh LECs to the Land Licensed cultivators.
- ❖ Bankers should participate in Farmer meets and Conduct of credit camps in the villages to create awareness among farmers regarding institutional finance. Agriculture Department will identify the new non loanee farmers and tenant farmers and mobilize them to banks during Polam Pilusthondi programme.
- ❖ Creating awareness among the farmers about the advantages of timely repayment of loans by the farmers to be eligible for **0% interest and Pavala Vaddi on crop loans**. Wide publicity is also to be given among farmers about sanction for crop loans, Scale of Finance, the cutoff date fixed and Consumption loans etc.
- ❖ Banks should take up **financing LECs/RMGs/JLGs** in a big way to cater to the needs of Small and Marginal farmers, Tenant farmers and oral lessees.
- ❖ Term loans should be sanctioned to farmers on Farm Machinery to overcome the labour problem.

Pavala Vaddi scheme on Crop loans:

Vide GO.Ms. No. 270 dt. 22.11.2011, the Government has announced the Pavala Vaddi scheme to the farmers who have availed crop loans from Rs. 1.00 lakh to Rs. 3.00 lakhs and repaid within due date (maximum up to 1 year). The farmer has to repay 3% interest amount on crop loans to the banks.

During 2017-18, an amount of **Rs. 500.00 lakhs** is allocated under Normal State Plan towards Pavala Vaddi scheme on crop loans from Rs. 1.00 lakh to Rs. 3.00 lakhs. The District wise budget allocation statement is enclosed. (Annexure IV).

Vaddi Leni Runalu (0 % Interest) scheme on Crop Loans:

Vide GO.Ms. No. 270 dt. 22.11.2011, the Government has announced the Interest free Crop loans to all the farmers up to Rs. 1.00 lakh, if repaid in time from Rabi 2011. The interest subsidy will be calculated on the crop loan amount from the date of its disbursement/drawl up to the date of actual repayment by the farmer or up to the due date of the loan as fixed by the banks, whichever is earlier, subject to a maximum period of one year.

The guidelines were issued Vide **G.O.Rt. No.639 dt.27-4-2013**, for payment of interest subsidy to farmers under Vaddi Leni Runalu on crop loans disbursed from Kharif 2012-13 (Front end basis).

During 2017-18, an amount of **Rs. 17200.00 lakhs** is allocated under Non Plan towards Interest Free Loans for Farmers (Vaddi Leni Runalu) scheme on crop loans up to Rs. 1.00 lakh. The District wise budget allocation statement is enclosed (Annexure V).

ANNEXURE I

Agriculture Credit - District wise Targets in the state during 2017-18

Sl. No.	Name of the District	Crop Loans			Term loans	Total Target
		Kharif Target	Rabi Target	Total Target		
1	Srikakulam	1570.42	1046.95	2617.37	1335.70	3953.07
2	Vizianagaram	1328.14	569.20	1897.34	727.87	2625.21
3	Visakhapatnam	1550.61	744.22	2294.83	1608.82	3903.66
4	East Godavari	4616.26	3077.51	7693.78	3924.63	11618.40
5	West Godavari	3733.52	3418.35	7151.87	3616.96	10768.83
6	Krishna	3162.71	2108.48	5271.19	2904.57	8175.76
7	Guntur	5915.57	3925.61	9841.18	2541.32	12382.50
8	Prakasam	2353.73	2852.64	5206.37	2116.82	7323.20
9	Nellore	1536.05	2352.70	3888.75	1612.38	5501.13
10	Kurnool	3063.09	1461.60	4524.69	1616.47	6141.16
1	Ananthapuram	4816.06	849.89	5665.95	1496.03	7161.98
12	Y S R Kadapa	2937.43	979.97	3917.40	1469.67	5387.07
13	Chittoor	3144.75	2047.78	5192.53	1422.31	6614.83
Total		39728.34	25434.90	65163.24	26393.55	91556.79

ANNEXURE II

District wise targets proposed for sanction of loans to LEC holders during the year 2017-18

Sl. No	District	Renewal	Fresh	No.of LEC holders proposed to be covered
1	Srikakulam	13424	6524	19948
2	Vizianagaram	13973	10834	24807
3	Visakhapatnam	12000	3000	15000
4	East Godavari	86293	48484	134777
5	West Godavari	211575	85911	297486
6	Krishna	18571	47366	65937
7	Guntur	21000	99000	120000
8	Prakasam	20627	5000	25627
9	SPS Nellore	25000	24000	49000
10	Kurnool	11588	31086	42674
11	Ananthapur	29383	15617	45000
12	YSR Kadapa	10000	3350	13350
13	Chittoor	3823	599	4422
Total		477257	380771	858028

ANNEXURE III

Targets for Certification of Cultivation to Tenant farmers

S.No.	District	2017-18
1	Srikakulam	6975
2	Vizianagaram	8673
3	Visakhapatnam	5245
4	East Godavari	47123
5	West Godavari	104013
6	Krishna	23054
7	Guntur	41957
8	Prakasam	8960
9	Nellore	17132
10	Kurnool	14920
11	Ananthapuram	15734
12	Y S R Kadapa	4668
13	Chittoor	1546
Total		300000

ANNEXURE IV

District Wise allocations under crop loans for farmers (Pavala Vaddi) under Normal State Plan for the year 2017-18

(Rs. In lakhs)

Sl. No.	Name of the District	Financial				Physical			
		General	SCP	TSP	Total	General	SCP	TSP	Total
1	Srikakulam	11.50	2.34	0.76	14.60	2301	467	152	2920
2	Vizianagaram	8.79	1.78	0.58	11.15	1757	357	116	2230
3	Visakhapatnam	14.18	2.88	0.94	18.00	2963	602	196	3760
4	East Godavari	51.61	10.48	3.41	65.50	10335	2098	682	13115
5	West Godavari	44.99	9.14	2.97	57.10	8990	1825	593	11408
6	Krishna	40.82	8.29	2.69	51.80	7318	1486	483	9287
7	Guntur	51.42	10.44	3.39	65.25	11239	2282	742	14263
8	Prakasam	31.13	6.32	2.05	39.50	6373	1294	421	8088
9	SPSR Nellore	29.31	5.95	1.93	37.20	5388	1094	356	6837
10	Kurnool	34.08	6.92	2.25	43.25	7580	1540	500	9620
11	Ananthapur	34.00	6.90	2.24	43.15	7168	1455	473	9096
12	YSR Kadapa	21.28	4.32	1.40	27.00	4255	864	281	5400
13	Chittoor	20.88	4.24	1.38	26.50	4603	935	304	5842
Total		394.00	80.00	26.00	500.00	80270	16299	5297	101866

Annexure V

District Wise allocations towards Interest free loans for farmers (Vaddi Leni Runalu) under Non Plan for the year 2017-18.

(Rs. In Lakhs)

Sl. No.	Name of the District	Financial			Physical				
		Gen	SCP	TSP	Total	Gen	SCP	TSP	Total
1	Srikakulam	551.00	115.62	47.11	713.73	57941	12159	4954	75053
2	Vizianagaram	398.90	83.71	34.10	516.71	41947	8802	3586	54335
3	Visakhapatnam	331.51	69.57	28.34	429.42	34860	7315	2980	45155
4	East Godavari	1767.08	370.81	151.07	2288.97	185819	38993	15886	240698
5	West Godavari	1618.30	339.59	138.35	2096.24	170173	35710	14548	220432
6	Krishna	1192.82	250.31	101.98	1545.11	125432	26321	10723	162477
7	Guntur	2027.98	425.56	173.38	2626.91	213253	44750	18231	276234
8	Prakasam	1008.87	211.71	86.25	1306.82	106088	22262	9070	137420
9	SPSR Nellore	856.88	179.81	73.26	1109.95	90106	18908	7703	116717
10	Kurnool	1000.35	209.92	85.52	1295.79	105192	22074	8993	136260
11	Ananthapur	993.12	208.40	84.90	1286.42	104432	21914	8928	135275
12	YSR Kadapa	755.83	158.61	64.62	979.06	79480	16678	6795	102953
13	Chittoor	775.76	162.79	66.32	1004.86	81575	17118	6974	105667
Total		13278.40	2786.40	1135.20	17200.00	1396298	293006	119373	1808676

