

Agricultural Credit

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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 money lenders. 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 2018-19. The objective is to provide timely agricultural credit to farmers at lesser interest rate. The broad details of credit plan are as follows:

It is proposed to disburse **Rs. 1,06,316.38 Crores** towards **Agriculture Credit** during the year 2018-19 (Annexure I), The targets under Agricultural Credit are as follows:

I. Crop loans:	:	Rs. 76207.67 Crores
II. Agriculture Term Loans (including Allied to Agriculture)	:	Rs. 30108.71 Crores.
Total Target	:	Rs. 106316.38 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 Licensed Cultivators Act, 2011)**, to provide loan and other facilities like eligibility card to the farmers, who raise crops with explicit 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 2018-19, it is proposed to facilitate institutional credit to **6,13,639 no. of** 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 tenant farmers up to Rs.1.00 lakh on hypothecation of crop and without insisting on collateral security as per the existing norms, based on the cultivation details (**Certificate of Cultivation**) 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 Cultivation” on 13.06.2016 and finalised the modalities for issue of Certificate of Cultivation.
- During 2018-19, it is proposed to issue **5,50,000 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 is sued with Certificate of Cultivation on AP AGRISNET portal <http://www.apagrisnet.gov.in/> for easy access to the bankers. (**Annexure- III**)

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 prominently display scales of finance on 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 meetings 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 zero percent (**0%**) **interest and Pavala Vaddi on crop loans**. Wide publicity is also to be given among farmers about sanction of 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 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**

The Government has announced the Pavala Vaddi scheme vide G.O.Ms. No. 270 dt. 22.11.2011, 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 2018-19, an amount of **Rs. 544.00 lakhs** is allocated under State Development Plan towards Pavala Vaddi scheme on crop loans from Rs.1.00lakh to Rs.3.00 lakhs. Budget allocation statement is enclosed. (Annexure IV).

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

The Government has announced the Interest free crop loans vide G.O.Ms. No. 270 dt. 22.11.2011, 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/drawal 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 2018-19, an amount of **Rs.17,200 lakhs** is allocated under Revenue (other scheme) towards Interest Free Loans for Farmers (Vaddi Leni Runalu) scheme on crop loans up to Rs. 1.00 lakh. Budget allocation statement is enclosed (Annexure V).

ANNEXURE I

Agriculture Credit - District wise targets in the state during 2018-19

Rs. in crores

Sl. No.	District	Year Targets		Total
		Crop loans	Term loans	
1	Srikakulam	3294.44	1345.28	4639.72
2	Vizianagaram	2883.01	1102.32	3985.33
3	Visakhapatnam	3002.59	1503.42	4506.01
4	East Godavari	8349.24	4049.96	12399.20
5	West Godavari	7045.17	4692.28	11737.45
6	Krishna	6379.32	2818.11	9197.43
7	Guntur	11000.01	3099.05	14099.06
8	Prakasam	6673.59	2639.96	9313.55
9	SPSR Nellore	4856.57	2079.16	6935.73
10	Chittoor	6169.20	2022.39	8191.59
11	Y S R Kadapa	4602.13	1603.91	6206.04
12	Ananthapuramu	5700.00	1043.39	6743.39
13	Kurnool	6252.40	2109.48	8361.88
	Total	76207.67	30108.71	106316.38

Annexure II

District wise targets proposed for sanction of loans to LEC holders during the year 2018-19

Sl.No	District	Target		Total No. of LEC holders proposed to be covered
		Renewal of old LECs	Fresh LECs	
1	Srikakulam	10611	3122	13733
2	Vizianagaram	8363	2137	10500
3	Visakhapatnam	10000	2000	12000
4	East Godavari	94158	22795	116953
5	West Godavari	157162	52736	209898
6	Krishna	35804	30131	65935
7	Guntur	37000	13000	50000
8	Prakasam	4144	0	4144
9	S.P.S.R.Nellore	19066	17173	36239
10	Kurnool	16275	15380	31655
11	Ananthapuramu	34468	10532	45000
12	YSR Kadapa	10000	3350	13350
13	Chittoor	3696	536	4232
	Total	440747	172892	613639

Annexure III

Targets for issue of Certificate of Cultivation to tenant farmers in 2018-19

S.No.	District	Target (No.s)
1	Srikakulam	45000
2	Vizianagaram	40000
3	Visakhapatnam	20000
4	East Godavari	100000
5	West Godavari	50000
6	Krishna	50000
7	Guntur	50000
8	Prakasam	40000
9	S.P.S.R.Nellore	60000
10	Kurnool	50000
11	Ananthapuram	15000
12	Y.S.R. Kadapa	15000
13	Chittoor	15000
	Total	550000

ANNEXURE IV

Allocation under crop loans for farmers, Pavala Vaddi under State development Plan for the year 2018-19

(Rs. in Lakhs)

S. No.	Districts	Budget to be distributed					Remarks
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Grand Total	
1	All Districts	136.00	136.00	136.00	136.00	544.00	Budget is not released to districts and will be released to concerned Nodal Banks as per the claims submitted by them. Banks will claim the Pavala Vaddi amount after the repayment of loan amount by the farmers. So it is not feasible to fix month wise and district wise targets under Pavala Vaddi as it depends upon repayment of loans by farmers.

ANNEXURE V

Allocation towards Interest free loans for farmers, Vaddi Leni Runalu under Revenue (other schemes) for the year 2018-19

(Rs. in Lakhs)

S. No.	Districts	Budget to be distributed					Remarks
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Grand Total	
1	All Districts	4300.00	4300.00	4300.00	4300.00	17200.00	Budget is not released to districts and will be released to concerned Nodal Banks as per the claims submitted by them. Banks will claim the Vaddi Leni Runalu (VLR) amount after the repayment of loan amount by the farmers. So it is not feasible to fix month wise and district wise targets under VLR as it depends upon repayment of loans by farmers.

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