

**RESERVE BANK OF INDIA**www.rbi.org.inwww.rbi.org.in/hindie-mail: helpprd@rbi.org.in

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RBI invites Comments on Working Group Report to examine Procedures and Processes of Agricultural Loans

The Reserve Bank of India today placed on its website the report of the Working Group set up to suggest measures to further simplify the procedures and processes for agricultural loans, especially for small and marginal farmers. While the Reserve Bank has already implemented certain recommendations of the Working Group in its Annual Policy for 2007-08, it has released the report of the Working Group stating that the other recommendations of the Working Group have relevance for various categories of stake holders including the farmers, banks, State Governments and also technology service providers for computerisation and crop mapping services, etc. Feedback may please be sent to the Chief General Manager, Rural Planning and Credit Department, Central Office, Mumbai latest by September 21, 2007.

It may be recalled that the Reserve Bank of India had constituted a working Group under the Chairmanship of Shri C.P. Swarnkar, Chairman and Managing Director, Syndicate Bank to suggest measures to further simplify the procedures and processes, thereby reducing the cost and time for obtaining agricultural loan, especially by small and marginal farmers. The Report of the Working Group was submitted in April 2007 and Reserve Bank has already implemented the following recommendations of the Group in the Annual Policy for 2007-08:

- The banks were advised to immediately dispense with the requirement of "no due" certificate for small loans up to Rs.50,000 to small and marginal farmers, share-croppers and the like and, instead, obtain self-declaration from the borrower.
- Further, banks were advised to accept certificates provided by local administration/panchayati raj institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees. This would help overcome the problem faced by the banks in lending to landless labourers, share-croppers and oral lessees due to the absence of documents verifying their identity and status.
- Recognising role of financial/credit counselling towards enhancing the quantity and quality of agricultural credit, each State Level Bankers Committee convenor has been asked to set up a credit-counselling centre in one district as a pilot and extend it to all other districts in due course.

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