Access to cooperative loan to small farmers

Posted On: 11 MAR 2026 5:50PM by PIB Delhi

Ministry of Cooperation, since its formation has taken various initiatives to strengthen the Cooperative movement and for deepening of its reach to the grass roots. The Ministry has taken more than 140 initiatives to promote cooperative based economic development model which includes upliftment of small and marginal farmers and Traders.

The functioning of Cooperative Banks are regularly reviewed and monitored through regulatory and supervisory mechanisms of the Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD), to ensure timely and fair access to credit for farmers and small traders. Periodic inspections, audits, and reviews are conducted to ensure adherence to prudential norms, transparency in lending practices, and proper handling of complaints relating to cooperative banking services.

The details of KCC Crop Loan and Working Capital Loan, disbursed to Small and Marginal Farmers through Primary Agricultural Cooperative Societies (PACS) in Erode District and Gobichettipalayam & Bhavani areas are at **Annexure-1**.

When a farmer applies for a crop loan with the relevant documents, the loan is generally sanctioned within seven days. Awareness regarding the interest subvention scheme for prompt repayment of crop loans are also provided to all farmers through Financial Literacy Camps (FLCs) of NABARD and through their PACS. The Government of India provides interest subvention of 3% for prompt repayment directly to the farmers. Due to this awareness initiative, loan recovery has consistently remained at around 99% (as per Registrar of Cooperative Societies, Tamil Nadu). The data of interest subsidy and loan recovery of Erode district is annexed in **Annexure-2**.

The steps taken to expand inclusive cooperative lending, fair recovery practices and strengthen door step cooperative banking services are given below:

i. **Inclusive Cooperative Lending**

- Expanded loan coverage to small/marginal farmers, women SHGs, and rural artisans.
- e-KCC scheme introduced for applying crop loans by farmers through nearest Common Service Centres (CSC), so that farmers are able to get the loan within 2 days.
- Awareness camps conducted in villages to educate members about cooperative credit schemes through bank Financial Literacy Camps (FLCs).

ii) Fair Recovery Practices: As per RBI Master Direction dated 28.11.2025 on Responsible Business Conduct, Cooperative Banks are mandated to ensure that neither they nor their agents resort to intimidation or harassment in debt recovery, including public humiliation, intrusion into the borrower's privacy, inappropriate messages, threatening or anonymous calls, persistent calling, or contacting borrowers.

Further, Grievance redressal mechanism has been established at society level to handle recovery related complaints. Cooperative Banks are also included in the Cooperative Ombudsman Scheme of RBI to provide accountable and transparent services.

iii) Doorstep Cooperative Banking Services

- Field officers with handheld devices are deployed for account opening, loan disbursement, and recovery at members' residences.
- Monthly mobile cooperative banking camps are organized in remote villages.

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Annexure-1

The details of KCC Crop Loan and Working Capital Loan, disbursed to Small and Marginal Farmers through Primary Agricultural Cooperative Societies (PACS) in **Erode District-**

(Rs. crore)

Year	Total Crop Loan Issued		Of which loan issued to SF / MF Farmers		% of Loan Issued to SF / MF Farmers
	No	Amount	No.	Amount	
2022-23	92968	1011.84	85632	908.57	92%
2023-24	103488	1189.10	96581	1094.31	93%
2024-25	105798	1308.63	97784	1190.70	92%
2025-26 Upto 31.12.2025	89198	1143.38	80879	1025.40	91%

Source: RCS Tamil Nadu

The details of KCC Crop Loan and Working Capital Loan, disbursed to Small and Marginal Farmers through Primary Agricultural Cooperative Societies (PACS) in **Gobichettipalayam & Bhavani areas-**

(Rs. crore)

Year	Total Crop Loan Issued		Of which loan issued to SF / MF Farmers		% of Loan Issued to SF / MF Farmers
	No	Amount	No	Amount	
2022-23	17149	177.56	16116	164.52	94%
2023-24	18581	204.72	17838	195.50	98%
2024-25	18689	223.24	17547	206.74	94%

2025-26 Upto 31.12.2025	15108	186.24	14211	174.44	94%

Source : RCS Tamil Nadu

Annexure-2

Data of interest subsidy and loan recovery of Erode district -

(Rs. crore)

PRI Claim Year	No of Farmers	7% Interest Subsidy Amount	Loan Recovery %
2022-23	99801	64.87	99.62%
2023-24	118625	86.21	99.42%
2024-25	131469	102.14	99.37%

Source : RCS Tamil Nadu

This information was given by Union Minister for Home and Cooperation Shri Amit Shah in a written reply in Rajya Sabha.

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AK/AP