Government and RBI Measures Ensure Seamless Rural Credit Flow

Consistent growth in priority sector lending supports agriculture, MSMEs and self-help groups

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Reserve Bank of India (RBI) endeavours to maintain sufficient liquidity in the banking system to ensure that the productive requirements of the economy including rural sector are met and transmission to market rates remains robust.

The Government has taken various measures to ensure uninterrupted credit flow for rural development initiatives, including SHGs, which *inter-alia* include:

- The Priority Sector Lending (PSL) Guidelines of Reserve Bank of India (RBI) issued to banks and Ground Level Agriculture Credit (GLC) targets by the Government to banks act as key policy instruments in scaling up Kisan Credit Card (KCC) coverage and enhancing institutional credit to farmers.
- As per PSL guidelines issued by RBI, Commercial Banks including Regional Rural Banks, Small Finance Banks, Local Area Banks and Primary (Urban) Co-operative Banks (UCBs) other than Salary Earners' Banks are mandated to allocate at least 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent of Off-Balance Sheet Exposures (CEOBSE), whichever is higher, to agriculture, out of which a sub-target of 10 percent is prescribed for Small and Marginal Farmers (SMFs). Further, it also prescribes an incentive framework for districts with comparatively lower flow of credit to priority sector which also include credit to agriculture and Small & Marginal farmers and a dis-incentive framework for districts with comparatively higher flow of priority sector credit for more equitable distribution of credit flow to the agricultural sector.
- The limit for collateral free short-term agricultural loans, including loans for allied activities, has been raised from ₹ 1.60 lakh to ₹ 2.00 lakh per borrower by RBI w.e.f. 01 January 2025.
- Concessional refinance is provided to eligible Rural Financial Institutions (RFIs) through various funds created out of PSL shortfall viz. Short-Term Cooperative Rural Credit Fund (STCRCF), Short-Term RRB Credit Refinance Fund (STRRBF) and Long-Term Rural Credit Fund (LTRCF)
- NABARD implements the following schemes/programmes for supporting SHGs:

o Training support to SHGs for onboarding onto E-Commerce platforms/ Open

Network for Digital Commerce (ONDC)/ social media platforms

o Skill upgradation for women led microenterprises through "m-Suwidha"

o Support for training and capacity building of microfinance clients through

Financial Inclusion Fund (FIF) of NABARD o Tribal Development Programme wherein activities such as SHG formation, health and sanitation camps, training on microenterprise development, etc. are supported.

This information was given by the Minister of State in the Ministry of Finance Shri Pankaj Chaudhary in Lok Sabha today.

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