

Co-op banks should extend credit to pump-prime irrigation: Amit Shah

Asks ARDBs to take up reforms to facilitate long-term loans for farmers

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Urging cooperative banks to focus on credit to bring in more areas under irrigation, Cooperation Minister Amit Shah has said that farmers' income cannot be raised without improving the sector, especially irrigation.

Addressing a national conference of Agricultural and Rural Development Banks (ARDBs) on Saturday, organised by the National Cooperative Agriculture and Rural Development Banks' Federation (NAFCARD), Shah appealed the bankers to extend more long-term loans to the agriculture sector, for both infrastructure and irrigation.

'Need reforms'

Pointing out that ARDBs have financed more than 3 lakh tractors so far, he said the target should have been 8 crore tractors. Similarly, the target coverage of farmers under medium- and long-



Union Minister for Home Affairs and Cooperation Amit Shah at the National Conference of ARDBs in New Delhi on Saturday PTI

term credit by ARDBs should have been much more than actual penetration of about 5.2 lakh growers. He also asked ARDBs to undertake reforms to facilitate farmers seeking long-term loans and advised them to focus on the entire sector instead of looking at "bank specific reforms." Shah directed NABARD to set up an extension wing to facilitate the process of reforms.

The chairman of an ARDB said: "Though the intention is noble, the structure of cooperative

banks is such that no one at the board level would like to take any blame in case of default as recovery in short-term credit is easy since these banks closely monitor the progress." He also said that in many cases the long-term credit is extended on political considerations at the State level.

The Minister also admitted that there are many hurdles to providing long-term credit to the agriculture sector, but said that it is time to "overcome those hurdles with cooperative spirit"

and achieve agriculture growth. Shah said ARDBs have been functioning in the country under different names the last nine decades and most have operated as land mortgage banks and were first to grant long-term finance to farmers way back in 1924. "If we look back and see the last 90 years' journey of long-term financing through cooperatives and how it has percolated down, it has not grown," Shah said, adding India has the potential to feed the world if all its arable land is irrigated.

Database on cooperatives

The government is building a database on cooperatives for expansion of the sector, which is important for boosting farm growth and doubling farmers' income, he said. Shah further said that ARDBs should focus on other activities like setting up infrastructure in horticulture, poultry, fishery, lift irrigation and related areas.

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