

This increased expenditure is to ensure that the benefits of the growth reaches the poor and the disadvantaged sections of the society in an equitable manner. The Government has been implementing numerous programmes aimed at inclusive development. These include the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarnajayanti Gram Swarozgar Yojana (SGSY) both intended to provide wage and self employment respectively in the rural areas. Rajiv Gandhi National Drinking Water Mission(RGNDWM) to ensure drinking water security in rural areas. Backward Regions Grant Fund(BRGF) for development of infrastructure, National Rural Health Mission(NRHM) to provide health care services, Indira Awas Yojana(IAY) to provide dwelling units to the shelterless in rural areas Pradhan Mantri Gram Sadak Yojana (PMGSY) to provide all weather rural road connectivity, San' Siksha Abhiyan(SSY) to provide elementary education to all children in the 6-14 age group supported by Mid Day Meal programme and recently launched programme for vocational education at the school level, social security schemes to provide insurance coverage to workforce in informal sector like Aam Admi Bima Yojana(AABY). Rashtriya Swasthya Bima Yojana(RSBY) and Janashree Bima yojana(JBY).

**Lending to small and marginal farmers**

1429. SHRI M.P ACHUTHAN:

SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the small and marginal farmers constitute more than 80 per cent of total farmer households in the country and are excluded from financial channels;

(b) if so, the details thereof;

(c) whether the RBI panel on priority loans recently in its report recommended focused lending to small and marginal farmers as this is extremely low at present in comparison to other Asian and Latin American countries;

(d) if so, whether Government, in view of the M V Nair headed RBI panel's recommendations, has taken any steps regarding increasing loans to this group from financial channels; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA) (a) to (e) The Reserve Bank of India constituted a Committee to re-examine the existing classification and suggest revised guidelines with regard to priority sector lending classification and related issues. The Committee submitted its Report on February 21, 2012.

The Committee has reported that as per Situation Assessment Survey of

Farmers' conducted as part of 59th round of National Sample Survey, more than 80% of the farmer household belong to small and marginal farmers. During the last 5 years, bank loans to small and marginal farmers as percent of Adjusted Net Bank Credit (ANBC) has increased from 3.77 in 2007 percent to 5.71 percent in 2011. To increase the credit to small and marginal farmers, Government has taken several measures for enhancing the availability of credit to farmers including small and marginal farmers. These *inter alia* include interest subvention on short term crop loans and simplification of procedures to avail agricultural credit.

The Committee has recommended a sub-target for small and marginal farmers within agriculture and allied activities, equivalent to 9 percent of Adjusted Net Bank Credit (ANBC) or Credit equivalent of Off Balance Sheet Exposure (CEOBE), whichever is higher, to be achieved in stages by 2015-16

The Report of the Committee is placed on RBI website, seeking views/comments thereon from banks, non-bank financial institutions, etc. other institutions and members of public before finalization of revised guidelines.

#### **Selling of forex derivatives by Banks**

1430. SHRI PRABHATI JHA:

SHRIMATI KUSUM RAI:

Will the Minister of FINANCE be pleased to state:

- (a) whether banks have been permitted to sell forex derivative products with a bet against a bet;
- (b) if so, the details thereof;
- (c) whether such products come under the official definition of Hedging' as laid down by the Reserve Bank of India (RBI);
- (d) if so, the details thereof alongwith the official definition of Hedging;
- (e) whether banks are permitted by RBI to sell long term Hedging contracts to the exporters against the strengthening of US dollar vis-a-vis rupee; and
- f) if so, the details thereof and if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) As per Reserve Bank of India (RBI) Comprehensive Guidelines on Derivatives dated 20.04.2007, "*Market-makers may undertake a transaction in any derivative structured product (a combination of permitted cash and generic derivative instruments) as long as it/s a combination of two or more of the generic instruments permitted by RBI and does not contain any derivatives as underlying*" Hence, while two derivative products can be used together in a structure, a derivative built upon a derivative cannot be undertaken. Persons resident in India are permitted to enter into foreign exchange derivative contracts