

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2180

ANSWERED ON:04.08.2000

LOAN TO SMALL AND MARGINAL FARMERS

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Will the Minister of FINANCE be pleased to state:

(a) the target fixed by each Public Sector Bank for providing loans to the small and marginal farmers and the agricultural sector during the last three years along with achievements made in this regard;

(b) the percentage of credit to agricultural sector of the total credit given by the Public and Private Sector Banks during the last three years, bank-wise;

(c) whether the small farmers are facing difficulty in getting loans from the banks; and

(d) if so, the fresh policy decisions taken in this regard and the details of other steps taken by the Government to provide easy adequate loans to the farmers in the States for the development of agricultural sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) and (b) As per the extant policy of Reserve Bank of India, all scheduled commercial banks in the country are required to lend 18% of their net bank credit for agriculture, 10% to weaker sections under the priority sector. Though no specific targets have been fixed for providing loan to small and marginal farmers, they are included under the targets fixed for agriculture and weaker sections. The performance of public sector banks in lending to agriculture as on the last reporting Friday of March 1998, 1999 and 2000 are furnished in enclosed statement-I. The performance of private sector banks in lending to agriculture as on the last reporting Friday of March, 1997, 1998 and 1999 are furnished in enclosed statement-II.

(c) and (d) RBI has reported that no specific complaints have been received about the difficulties faced by small farmers in getting loans from the banks. However, RBI and National Bank for Agriculture & Rural Development (NABARD) have taken several measures to further strengthen the flow of credit to farmers. Some of these are :

i. Introduction of cash credit facility for meeting composite credit requirements of farmers having good track record;

ii. Introduction of the Kisan Credit Card Scheme for agricultural borrowers;

iii. Banks have been advised to open specialised agricultural branches to take care of financing of high-tech agricultural projects;

iv. RBI has introduced simplification of loan applications, delegation of powers to branch managers, introduction of composite cash credit limit to farmers, introduction of new loan products, cash disbursement of loans, discretion to banks on matters relating to margin/ security requirements for loans above Rs. 10,000/- and dispensing with 'No Dues Certificates' as a compulsory requirement;

v. Any shortfall in the target of lending to agriculture has to be contributed to Rural Infrastructure Development Fund (RIDF) which has been established with NABARD for assisting State Governments and State-owned Corporations in quick completion of on-going projects relating to rural infrastructure.