

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4947
ANSWERED ON:25.08.2000
LOAN TO FARMERS BY FINANCIAL INSTITUTIONS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the financial institutions have been given instructions that loan should be given to the farmers against their foodgrain stock;
- (b) if so, the details thereof;
- (c) whether the financial institutions have started complying with these instructions; and
- (d) if so, since when and if not, the time by which it is likely to commence?

Answer

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

(a) and (b) As per the extant guidelines issued by Reserve Bank of India (RBI) to commercial banks, banks sanction short-term loans/crop loans to farmers for raising crops. In addition, banks have also been advised to grant advances upto Rs. 1.00 lakh to farmers against pledge/hypothecation of agricultural produce (including warehouse receipts) for a period not exceeding 6 months, where the farmers were given crop loans for raising the produce provided borrowers draw credit from one bank. National Bank for Agriculture and Rural Development (NABARD) also extends refinance facility to co-operative banks for marketing of crops which include advance against pledge of agricultural produce belonging to members and outright purchase of agricultural produce of members.

(c) and (d) RBI has reported that the banks have been granting loans against the produce as per the above guidelines under the priority sector. The limit for granting such loans has been increased from Rs. 5000/- in 1984 to Rs. 25,000/- in 1993 and further to Rs. 1.00 lakh in 1995.