

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:583  
ANSWERED ON:09.07.2004  
RELIEF PACKAGE FOR FARMERS  
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**Will the Minister of FINANCE be pleased to state:**

(a) whether it is a fact that against the stipulated 18% target of agriculture credit, the public sector banks achieved only 13-14 percent of total credit to agricultural sector; and

(b) if so, the details and reasons therefor and the measures proposed to be taken by the Government/banks to achieve the target?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE . (SHRIS.S.PALANIMANICKAM)

(a) & (b): As reported by Reserve Bank of India (RBI) credit to agriculture by Public Sector Banks has increased in absolute terms from Rs.73507 crore (15.3% of net bank credit) as on 31st March, 2003 to Rs.85872 crore (15.45% of net bank credit) as on 31 March, 2004. The target of 18% was achieved by 7 public sector banks as on 31st March, 2004. The main reasons for the shortfall in agricultural credit as a percentage of NBC are:

(i) Bank credit to other sectors growing at a faster rate;

(ii) Drought situation in some parts of the country;

(iii) Crash in prices of some agricultural commodities adversely affecting the credit off-take in agriculture;

(iv) Low capital formation in agriculture resulting in poor credit absorption capacity in many areas;

(v) Write-off of non-performing loans leading to reduction in the outstanding advances in the case of some banks;

(vi) Absence of up-to-date land records in several states to facilitate provision of agricultural credit; and

(vii) Inability of the small and marginal farmers to provide the required collateral-RBI and National Bank for Agriculture and Rural Development (NABARD) have taken several steps to increase the flow of credit to agriculture. These include, formulation of Special Agricultural Credit Plans (SACPs), opening of Specialised Agricultural Finance Branches (SAFBs), implementation of the Kisan Credit Card (KCC) Scheme, setting up of Rural Infrastructure Development Fund (RIDF) with NABARD, introduction of scheme for financing agri-clinics and agri-business centers, introduction of scheme for financing farmers for purchase of land for agricultural purposes, introduction of produce marketing loans, loans for storage facilities, waiver of margin/security requirements, etc. Besides, during the current year, it is targeted to achieve a growth rate of 30% in disbursement of agriculture credit